

**POLITICAL LEARNING AND THE NUMBER OF
PARTIES: WHY AGE MATTERS**

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University of Pittsburgh, 2010

Party system fractionalization was re-invented as an unsolved puzzle after the fall of the Berlin Wall. While scholars agree that the stability of the party system is imperative for the proper functioning of democracy, many note the high number of political parties in the East European states. Still, we lack a systematic analysis of party system development in those countries. A possible reason for this gap is that extant theories on the number of parties were written with established democracies in mind and are thus unequipped to explain the dynamics taking place in young democracies. This dissertation attempts to fill this gap providing at least preliminary answers for the variation in the number of parties between new and more established democracies. My theory proposes that learning the effect of institutions is crucial to whether they actually have an effect or not and is integral to understanding the number of parties in a given system. Furthermore, I argue that certain institutional arrangements, for example the translation of votes into seats, may play a more important role than the district magnitude when present. I view learning as coming from trial-and-error experience which elite members get by political participation over time, as well as experience with a changing institutional environment both within and external to the party system as such. To test my propositions I use a three-level hierarchical model on district data of 20 European democracies. The results show that at the district level, age of democracy has a positive effect on the level of party system convergence and the effect is stronger in young democracies. The analysis further reveals that pre-electoral institutional constraints such as signatures and deposits have a positive and significant effect on party system convergence,

while in the presence of EU-related events the convergence index drops, likely due to the additional incentives for political competition that such events bring. Public funding does not prove significant and the effect of age of democracy on party system convergence in mature democracies remains inconclusive as alternate specifications elicit varying results.

TABLE OF CONTENTS

PREFACE	xii
1.0 STRATEGIC VOTING AND STRATEGIC ENTRY - DO WE HAVE THE WHOLE STORY?	1
1.1 Introducing Party System Convergence	1
1.2 The Problem	4
1.2.1 Spatial Theory Models	6
1.2.2 Electoral Systems Models	10
1.2.3 Why Parties	16
1.3 The Puzzle	18
1.4 A Possible Solution	19
1.5 Research Design	21
2.0 TOWARDS A THEORY OF POLITICAL LEARNING	22
2.1 Political Learning	26
2.2 Studying the Number of Parties - National vs. District Level	36
2.3 Party Systems Change	40
2.3.1 Party Splits	41
2.3.2 Party Mergers	44
2.3.3 New Parties and Party Dissolution	48
2.4 Conclusion	49
3.0 POLITICAL LEARNING IN WESTERN AND EASTERN EUROPE: A DISTRICT-LEVEL EMPIRICAL TEST	51
3.1 The TENP and the Party System Convergence Index	53

3.2	Data & Operationalization of Independent Variables	61
3.3	Model Specification and Methodology	71
3.4	Empirical Results	76
3.5	Conclusion	82
4.0	POLITICAL LEARNING AND THE NUMBER OF PARTIES: THE CASE OF BULGARIA	88
4.1	Why Bulgaria?	92
4.2	Political Learning at the District Level	94
4.2.1	Electoral Competition in Bulgaria - an overall view	95
4.2.2	Electoral Competition at the District Level	99
4.3	Politics-on-the-go	106
4.3.1	The Legislative Parties	112
4.4	Conclusion	122
5.0	POLITICAL LEARNING: WHAT MAKES IT OR BREAKS IT? EV- IDENCE FROM 3 (OTHER) SOUTHEAST EUROPEAN DEMOC- RACIES	127
5.1	Slovenia	131
5.2	Croatia	139
5.3	Romania	145
5.4	Conclusion	150
6.0	THE EFFECT OF EP PARTICIPATION ON NATIONAL PARTY SYSTEMS	155
6.1	Europeanization and the New European Democracies	157
6.2	The Reductive Hypothesis	161
6.3	Empirics	168
6.3.1	The Case of Bulgaria	169
6.3.2	The Case of Romania	178
6.3.3	The Case of Slovenia	182
6.3.4	Additional evidence and the negative case	186
6.4	Conclusion	189

7.0 CONCLUSION: POLITICAL LEARNING AND THE NUMBER OF	
PARTIES - WHAT LESSONS CAN WE DRAW	195
APPENDIX.	204
BIBLIOGRAPHY	207

LIST OF TABLES

1	Predicting the number of political parties in European democracies	67
2	Summary Statistics	69
3	Correlation Matrix	70
4	The Effect of Democratic Maturity on Party System Convergence	84
5	The Effect of Institutional Factors on Party System Convergence	85
6	The Effect of EU Factors on Party System Convergence	86
7	The Impact of GDPppp per capita on Party System Convergence	87
8	Electoral Competition Overview	96
9	District-level Characteristics of Bulgaria's Party System	114
10	District-level Effective Number of Parties in Bulgaria	115
11	Party System Convergence in Bulgaria	116
12	Legislative Results for the period between 1991-2009	117
13	District-level Characteristics of Slovenia's Party System	133
14	District-level Effective Number of Parties in Slovenia	134
15	Party System Convergence in Slovenia	137
16	District-level Characteristics of Croatia's Party System	142
17	District-level Effective Number of Parties in Croatia	143
18	Party System Convergence in Croatia	145
19	District-level Characteristics of Romania's Party System	152
20	District-level Effective Number of Parties in Romania	153
21	Party System Convergence in Romania	154
22	The number of political parties in post-communist Bulgaria, 1990-2005	174

23	Bulgarian EP election results, 2007	175
24	The number of political parties in Romania, 1992-2004	180
25	Romanian EP election results, 2007	192
26	The number of political parties in post-communist Slovenia, 1992-2008	192
27	Slovenian EP election results, 2004	193
28	Representation in the European Parliament	194
29	District-level Ethnic Heterogeneity Data Snapshot	206

LIST OF FIGURES

1	Level of Party System Convergence	68
2	Do Politicians Learn Over Time?	69
3	Growth trajectories of party system convergence	73
4	Party System Change in 3 Bulgarian Districts	97
5	Party System Change in 3 Slovenian Districts	138
6	Party System Change in 3 Croatian Districts	144
7	Party System Change in 3 Romanian Districts	147

PREFACE

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On a more personal level I would have never gotten here without the love and support of my family and friends. My parents worked extremely hard to provide us with everything we needed growing up and taught us to value education highly. My brother and sister have

given me their moral support through every step of the way - something I will never forget and could have never done without. This dissertation is dedicated to you - my family. I want to extend special thanks to my aunt Anna and uncle Tom, and to uncle Frank - I wouldn't be here if it weren't for you. I am also fortunate to have been surrounded by loving and supportive friends who's words of encouragement helped time and time again. The list is long and you know who you are - I thank you deeply from my heart and look forward to being able to be there for you. Angela Tsoncheva, Clark Porter, Barbara Barfield, Lee-Ann Beatty, Gi have been my extended family throughout the years - thank you! Through the years I have also found love and support at the Greek Church (both here and in St. Louis) and the Bulgarian Macedonian Center here in Pittsburgh, as well as all the families which I babysat or tutored for, who in addition to providing me with a much needed at the time job, gave me their support and cared for me. I thank all my friends from these places as well.

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1.0 STRATEGIC VOTING AND STRATEGIC ENTRY - DO WE HAVE THE WHOLE STORY?

Each elector has practically only a choice between two candidates or sets of candidates ... (T)he electors usually find out that their votes will be thrown away, unless given in favor of one or the other of the parties between whom the election really lies.

Henry Richmond Droop, *English History Pamphlets* (1869:15)

Take for example a British constituency in which Conservatives have 35,000 votes, Labour 40,000, and Liberal 15,000: it is obvious that the success of Labour is entirely dependent on the presence of the Liberal party; if the Liberal party should withdraw its candidate it can be assumed that a majority of votes supporting him will transfer to the Conservative, the minority being divided between Labour and abstention.

Maurice Duverger, *Political Parties* (1954:223-224)

1.1 INTRODUCING PARTY SYSTEM CONVERGENCE

It was as early as the 19th century when political scholars predicted that electoral candidates would recognize the constraints of electoral laws, and would respond to this realization by behaving strategically when needed, thus not wasting candidatures, but rather making choices that would get them what they want - participation in parliament. Both [Droop \(1869\)](#), and [Duverger \(1954\)](#), recognized that in some situations sincere electoral behavior, one of acting upon one's first preferences, would leave actors empty-handed. In [Droop \(1869\)](#)'s example of a system operating under majority voting, all electors who vote for any other, but the two main candidates, will throw away their votes. [Duverger \(1954\)](#) applies similar logic in the analysis of elite behavior. Given the vote distribution in the citation preceding the chapter, Duverger sees two alternatives for the Liberal party. If the

Liberal party chose to be strategic it could reach an agreement with the Conservative party to withdraw its candidate in exchange of some form of compensation, or it could choose to stay in the race and see electors gradually desert it, in which case, it will be left with nothing. We see then, that when bound by electoral rules, strategic behavior can sometimes help participants in the electoral game get better outcomes than they would get if they act directly upon their true preferences.

The patterns of behavior that political scholars observed a century ago based primarily on developments in Western countries, are still at play to this date, and can now be seen in developing democracies as well. A brief summary of two recent examples of the consequences of strategic behavior in both developed and developing democracies, are given in [Cox \(1997\)](#). One discusses a US presidential primary, and the coordination failure among voters who disliked the front runner. They failed to agree on a viable alternative candidate, while such an agreement could have altered the final results. The second case is an example of successful elite strategic behavior in the 1990 presidential race in Peru (for details, see [Cox 1997](#)).

Before every election, elite members have to decide whether to contest an election or not, and if they do, whether to run as their own party, whether to merge with another, or whether to split off and form a new political party. These choices are especially pertinent to legislative elections in proportional representation systems, where the party system is characterized by the existence of multiple political parties. Strategic behavior, or rational choices made based on the knowledge elite members have about the system and the electoral game, are even more crucial in PR systems, since the rules of the game allow for a multitude of political parties, rewarding each one in correspondence to the vote share it received.

But what determines how many political parties will compete in a given electoral district? And, how can we tell how one unit is doing in relation to another, and whether elite members are more knowledgeable about playing the electoral game in one place, than they are in another? Further, what are the factors which determine the strategies of elite members, and under what conditions do they choose different options for contesting an upcoming election?

With this dissertation, building on extant theories for the determinants of the number of parties, I attempt to answer these questions. In order to do that I introduce two new measures - the theoretically expected number of parties (TENP) and the party system convergence

index (PSCI) - which aim at helping scholars to compare and evaluate the development of party systems, or simply put, the change in the number of parties. The theoretically expected number of parties is a refined measure of Cox's $M+1$ rule and it uses the district magnitude and the ethnic heterogeneity of a particular district to predict the number of parties we expect to see. The party system convergence index measures the ratio between the predicted and the actual number of parties per electoral district and it goes to one as the two indicators approach each other. We can then compare districts across time and space using these statistics.

Previously, scholars studying the number of parties have mainly used characteristics of the electoral system to explain the existing number of parties, leaving other institutional incentives which are likely to affect political behavior out of the equation. Furthermore, most current work examines the number of parties in a static manner and thus the very interesting part of how one unit develops in relation to itself or in relation to another remains unrevealed. My work contributes to existing studies by extending the proposed determinants of the number of parties, as well as by making the analysis dynamic. I develop an argument about political learning, and claim that as democracy matures and as political elite members gain more experience with what works and what doesn't, they learn how to compete more effectively in national elections. I show that age of democracy and repetitive experience with the constraints of the electoral competition have a significant effect on party system development by bringing party systems closer to where we believe they should be theoretically, which is achieved by an endogenous process of learning. In addition to higher party system convergence being a result of democratic maturity and institutions constraining the electoral competition for national parliamentary elections, I show that the level of party system convergence is also affected by factors exogenous to the national parliamentary competition, such as the effect of international institutions on domestic politics and in particular for the current context, EU-related events such as European Parliament elections or entry into the European Union. I test my propositions on a district-level dataset consisting of twenty European democracies.

In studying the number of parties, it is almost too trivial to note that if too many political parties attempt an election, even in proportional representation systems, there will

be losers. It is important, then, for elite members to coordinate and learn from their electoral experiences because coordination can help rational elite members make choices which will return higher utility, or in other words give them more of what they want, i.e. be elected to parliament (assuming there are no other goals). In the real world however, as my dissertation shows, there is often a disjoint between the number of political parties that we expect in theory, and the number of political parties that actually exist. Empirical data attests to the fact that such variance exists in both young and mature democracies, and shows that it is more pronounced in the former.

We know that successful electoral coordination reduces the number of electoral competitors (Cox 1997, 4), yet extant theories do not explain how successful coordination happens. My contribution to our understanding of what determines the number of parties is the claim that it is a result of a growing, and continually updated, political knowledge that elite members gather as a result of experiencing elections, which ultimately helps party systems reach higher levels of convergence. The attempt to explain the variance between the number of political parties that exist and the number of political parties that we predict by theory, as well as what determines the movement toward or away from the theoretical expectation, what I refer to as party system convergence, is the subject of this dissertation.

1.2 THE PROBLEM

The problem of electoral coordination in parliamentary systems merits our attention for several reasons. Successful or unsuccessful electoral coordination among elite members, has a direct impact on the number of political parties that contest an election, and subsequently, on the number of political parties that enter parliament. When there are too many political parties, often the result is electoral inefficiency - many parties do not collect enough votes to get elected, and their candidacies, as well as the votes cast for them, are wasted, and a more fragmented legislature becomes a threatening possibility. Further, the number of parties, legislative or elective, affect coalition formation, thus, how many parties there are, is important for the resource distribution, and policy implementation of the government.

Schofield and Sened (2005) explain that much of the bargaining process takes place prior to, and during, the electoral campaign - candidates make policy promises, and voters elect those candidates who make promises to their liking. Once a government is in power, constituents have little, if any, influence on the allocation of scarce resources (Schofield and Sened 2005, 5). In the event that candidates fail to deliver, voters can reconstruct the bargain, or strike a new one, with the same or different politicians at the next election. As a result, in multiparty systems, the number of political parties, their position, and each side's relative strength, constitute the core of the entire political process, therefore it is crucial for us to have a good understanding of what determines the number of political parties at any given time and place.

During the last four decades, the electoral parties problem has been studied in parallel by scholars from two different research traditions, which despite reaching similar conclusions have rarely spoken to each other. Inspired by Downs (1957) and Duverger (1954), *spatial theory* scholars and *electoral systems* scholars respectively, have separately looked at what happens among political parties during the pre-electoral and electoral stages, to arrive at similar conclusions about the relationships generated within the electoral process. Both disciplines agree that the number of contestants is a function of the electoral law (Palfrey 1984; Shamir 1985; Osborne and Slivinski 1996; Rae 1967; Shugart 1985; Lijphart 1990; Taagepera and Shugart 1993) and issues existing within the society (Riker 1976; Hug 2001; Lipset and Rokkan 1967; Ordeshook and Shvetsova 1994; Amorim-Neto and Cox 1997; Taagepera 1999). The path that each perspective takes to get there, however, is inherently different. One approach, dating back to Hotelling (1929) and Downs (1957), uses *formal theory* and mathematical abstraction, to explain electoral competition. Studies that fall into this category are broadly labeled *spatial theory* models, and they look at the electoral behavior of political parties at an abstract level. The second approach to studying party system development dates back to Duverger (1954), and puts stronger emphasis on empirical models, which test the relationships between parties on one hand, and electoral and social institutions, on the other. Works that fall into this category are usually referred to as *electoral systems* studies.

While both approaches study political parties and electoral coordination, neither of them

explains the gap between the number of existing parties and the number of political parties our theories predict. The following review of the two strands of literature, shows that while we have learned a lot about how parties affect the permissiveness of the party system by where they place themselves, and that different electoral rules will produce a different number of parties, we still don't know much about why there are more parties in one place than in another, or what explains the variance between the observed and the expected.

1.2.1 Spatial Theory Models

In a detailed review of the spatial theory of electoral competition, [Austen-Smith \(1983\)](#) acknowledges works that stem from [Arrow \(1951\)](#) and investigate the purely analytical properties of preference aggregation through majority voting, and studies following [Downs \(1957\)](#), which are more concerned with the choices that political elite members make. The literature beginning with Downs' economic theory of democracy, and reflecting on Hotelling's (1929) competition conjecture, is as [Shepsle \(1991\)](#) puts it "the inspiration for spatial modeling in political science." Using a uni-dimensional model, with sincere preference revelation, and two competitors, Hotelling concludes that both vendors will locate in the middle of Main street, and thus each will grasp half of the market. A relaxation of Hotelling's model is given by [Smithies \(1941\)](#) who attaches a seller's locating decision to the loss each one may incur by moving away from his customers at the end of the market. [Downs \(1957\)](#) builds his economic theory of democracy on these two seminal works.

Borrowing the notion of rationality from economic theory, [Downs \(1957\)](#) provides a general equilibrium of behavior of political actors, and traces its implications. He looks first at a uni-dimensional policy space, with a scale from 0 to 100, with two political candidates, who start at 25 and 75 respectively and shows, that both candidates will converge to the center of the political space, thus opting for 50% of the vote. This becomes known as the *median voter theorem*. Downs continues the analysis with an examination of the equilibrium positions of candidates under various voter distributions and finds the same result - that the two will position in the middle. Further, he shows ([Downs 1957](#), 121) that in "more normal circumstances, in countries where there are two opposite social classes and no sizeable middle

class, the numerical distribution is more likely to be skewed to the left, with a small mode at the right extreme...[h]ere democracy, if effective, will bring about the installation of a leftist government because of the preponderance of the lower class.” Following from here, is Downs’ general claim, that party positioning depends on the distribution of voter preferences. On the question about the number of parties, he notes that there is a limit to the number of parties that any particular voter distribution can hold, however, he neither discusses the question directly, nor are electoral laws part of his analysis. The question that Downs’ theory answers, is where will parties locate along the policy space. While his work has left an important mark in political science studies, and it is quite useful when one wants to study preferences and sincere versus strategic positioning, it does not shed light on a more real world analysis of the question of the number of parties, i.e. what determines the number of parties and why is that number often different in reality from what our theories predict.

The works reviewed above deal with exogenous agents, i.e. with a fixed number of electoral agents or producers. Studying the determinants of the number of political parties would require relaxing this assumption, and allowing for new parties to form, as well as for old ones to disappear. The examination of the decision to enter is first seen in the work of [Black \(1972\)](#), who applies Riker and Ordeshook’s (1968) calculus of voting model, to the level of the elite. [Riker and Ordeshook \(1968\)](#) look at whether it is rational to vote, and agree that one should be expected to vote when the benefits of voting outweigh the costs. Ken [Shepsle \(1991\)](#) calls this a non-strategic view: “prospective voter i does not engage in any introspection about the symmetric decision problem of each and every other voter...[r]ather he summarizes his beliefs about the aggregate of those decisions and the probabilities of various events with and without his vote (46).” Similarly to Riker and Ordeshook, [Black \(1972\)](#) uses the cost-benefit calculus to analyze the decision of a prospective candidate of whether to enter the electoral race or not. The analysis is based on general utility theory, where the utility of winning is compared to the cost of contending an election. The model assumes office-seeking candidates, following [Schlesinger \(1966\)](#)’s model of political ambition, and considers the costs to be a function of both the risks candidates take, and the opportunity costs they face. As a result, [Black \(1972\)](#) derives two conditions for entry: first the utility of getting office must be positive, and second, it must be greater than the alternatives (146).

Albeit their straightforwardness, Black's conditions are quite powerful. They are, however, derived without consideration of the behavior of potential entrants when some political parties already exist. [Palfrey \(1984\)](#) is the first to do this. His work examines the behavior of existing parties expecting an entry by another competitor building on the two-candidate plurality rule model developed by [Downs \(1957\)](#) and [Hotelling \(1929\)](#). His critique toward the existing model is, that if a third candidate enters and positions him/herself right next to one of the two existing candidates, the new entrant will win - which defeats the statement of equilibrium. The key distinction from previous models is the fact that the two existing parties, which he calls dominant parties, anticipate the entry of a third candidate, and choose their spatial positions under this consideration. Under these assumptions, the equilibrium that Palfrey finds is one in which the two dominant parties adjust their positions based on their anticipation of the vote-maximizing entrant. The dominant parties are just as far apart from each other, as to ensure that at least one of them will win. Palfrey's model is superior to previous works in that it ensures the stability of the two-party model. The same result is reached by [Brams and Straffin \(1982\)](#). As most of the spatial theory scholarship, Palfrey focuses on the positioning of political parties, not the number of parties per se. Further, his analysis does not consider what happens to the party system as a result of elite behavior, because the model he uses assumes parties as unitary actors, which are by default considered to stay whole, and thus remain constant. While important, spatial theory does not provide enough information to allow inferences about how many parties we can expect, nor about what are the conditions under which elite members make decisions which affect the party system.

In addition, nearly all spatial theorists build their models with a majoritarian system in mind. [Greenberg and Weber \(1985\)](#) and [Greenberg and Shepsle \(1987\)](#) are exceptions in that they extend the model to proportional representation. They show that for any finite number of parties and voters, there exists an entry-deterrent equilibrium. One of the interesting claims of the second paper, is that candidates change strategies based on the prize-giving mechanism. Greenberg and Shepsle come up with a dichotomy in candidate behavior. When prizes are awarded through a fixed-standard mechanism (uniform quota is an example), candidates are vote maximizers, while when prizes are distributed on a fixed-

number mechanism (a district is allotted a fixed number of seats, and parties are awarded seats based on relative performance at the polls), candidates are rank maximizers.

All of the above models assume sincere voting, and thus, the entry decision that they have explored is contingent primarily on the electoral rule and the voter distribution. As pointed out by [Feddersen et al. \(1990\)](#), the assumption of sincere voting is harmless in elections taking place under plurality rule. Under proportional representation, when this assumption is relaxed, however, candidate strategy about both entry and positioning, changes. Moreover, when we study the number of parties as inspired by [Duverger \(1954\)](#), we need to consider all the incentive forces affecting the number of parties, i.e. both the mechanical and psychological effects that electoral laws have on candidates' decisions whether to enter the race or not. Within the *spatial theory* subfield, [Feddersen et al. \(1990\)](#) is the first study to do that. The study builds on [Palfrey \(1984\)](#), [Cox \(1985, 1987\)](#) and [Denzau et al. \(1985\)](#), combining the endogenous candidate entry studied by Palfrey, with the multi-candidate competition under alternative voting rules (as opposed to the common plurality) that we see in Cox and Denzau et al.

Another new, and interesting view on the electoral calculus, is [Schofield and Sened \(2005\)](#). *Multiparty Democracy* is an attempt to offer a comprehensive theory of multiparty elections. The authors draw at large from Riker's (1962) theory of coalitions, and look for a fuller model of the pre and post-electoral bargaining process. Schofield and Sened review the spatial competition literature of the last few decades, and claim that despite their soundness, the models are deeply flawed. The reason, as the authors see it, is "that they do not pay heed to Madison's belief that elections involve judgements as well as interests (14)." Schofield and Sened base their entire argument on a claim that Madison made in Federalist 10. In particular they use Madison's theory of a "fit choice" and argue, that an important part of the voting calculus is the level of competence electors assign to a particular candidate, which they call *valence*. The idea is that, regardless of policy preferences, electors have beliefs regarding how likely candidates are to execute what they promise. They do not speak directly about how many parties we will see, however, the idea of how 'fit' a candidate is to rule, is something I incorporate into my the theory of political learning, and particularly in the conditions under which party splits occur.

The main findings in the *spatial theory* of electoral competition can be summed as follows: under plurality rule, two candidate, sincere voting competition, both competitors will position themselves at the median of the policy space (Hotelling 1929; Downs 1957), candidates will enter when the benefits of winning exceed the cost of contesting (Black 1972), dominant candidates will strategically position themselves upon the expectation of a new entrant to ensure that one of them will win (Palfrey 1984; Brams and Straffin 1982), candidates in multiparty, strategic voting, plurality rule competition need not necessarily offer different policy positions (Feddersen et al. 1990), and accurate formal models of voting need to include valence (Schofield and Sened 2005).

The several decades of work which resulted in the accumulation of these equilibrium notions for electoral competition, have affected significantly not only the formal theory literature, but also a large empirically based literature on electoral and party systems which strives to explain the determinants of the number of political parties. It is this second strand of scholarship to which my dissertation primarily contributes. I now turn to a discussion of the developments within that literature.

1.2.2 Electoral Systems Models

A somewhat different approach to the study of electoral competition has been taken by the literature focusing on the number of parties. Inspired by the seminal work of Duverger (1954), the *electoral and party systems* subfield has grown substantially in the last two decades. Duverger’s law and hypothesis (which I discuss in detail below) have been causally formulated (Riker 1982, 1986), reaching interesting results that complement the formal findings of the spatial theory literature. Studies (Shugart 1985; Lijphart 1990) have empirically concluded that district magnitude is the most essential element of the electoral system which affects the development of party systems. The issue of representation vs. fractionalization has been contemplated by Rae (1967), while in Lijphart (1999) we find the comparison of different democratic electoral systems. Some studies (Taagepera and Grofman 1985; Taagepera and Shugart 1993) use the *effective number of parties*, a concept developed by Laakso and Taagepera (1979) to compare the effect of the electoral laws on the the party system. Most

recently, it was determined that the number of political parties is not a function merely of the electoral institutions in place, but it also reflects the heterogeneity of the society it represents. The relationship was first proposed by [Ordeshook and Shvetsova \(1994\)](#), and has subsequently been confirmed by Cox (1997), *Making Votes Count*.

The central scholarly work in the *electoral and party systems* literature is, undoubtedly, *Political Parties* by Maurice Duverger (1954). The question that was asked then, still resonates in our work today. In an attempt to determine how many political parties we should expect, Duverger observed the development of parties in different systems, and made two important conclusions. The first one, now known as Duverger's law, is that simple-majority single-ballot electoral rule leads to the development of a two-party system ([Duverger 1954](#), 217). The second, also known as Duverger's hypothesis, states that simple-majority with second ballot, and proportional representation electoral systems, favor multipartism ([Duverger 1954](#), 239). His argument that simple-majority should lead to bipartism is based on three sources of incentives: wasted effort (elite), fusion (elite), and wasted votes (electorate). All of these incentives are a result of the work of two factors, the *mechanical effect* and the *psychological effect* of the electoral law, which affect the party system by influencing the players involved in the electoral game.

The *mechanical effect* is simply the mathematical translation of votes into seats. It reflects the under-representation of the third party. As Duverger notes (226), in a two-party system the vanquished party is always under-represented, but in the case that a third party occurs, it is under-represented to an even greater extent. In this way, third parties find the simple-majority system mechanically unfair, and are deterred from emerging. The *mechanical effect* is, therefore, a true system effect, and thus, it does not provide much insight into the process of elite learning which I am interested in tracing.

The more interesting factor for the study of elite behavior, is what [Blais and Carty \(1991\)](#) refer to as Duverger's elusive factor - the *psychological effect*. The *psychological effect* is the strategic behavior which occurs in anticipation of the *mechanical effect* of the electoral law, both on the elite, and the electorate level. The key characteristic of the *psychological effect* is the notion of *wasted* ([Cox 1997](#)) effort, and *wasted* votes, for the elite, and voters, respectively. Under simple-majority rule Duverger explains that electors will soon realize

that their votes will be thrown away if they continue to support a third party, which brings them “to their natural tendency to transfer their vote to the lesser evil of the two adversaries (in order to prevent the success of the greater evil)” (Duverger 1954, 226). At the same time, he expects that rational elite members know the mechanical effect of the electoral law *a priori*, and can thus anticipate strategic behavior on behalf of the voters. This anticipation is believed to work as an incentive for fusion or alliance between political parties, or a dissolution due to a gradual desertion from voters, all of which should restore the two-party system under the effect of simple-majority rule.

The *psychological effect* of electoral laws becomes even more interesting when we consider a proportional representation (PR) electoral system. Duverger notes, that the first effect of the PR system is to put an end to a tendency towards a two-party system (248). He remarks further, that the incentive for parties with similar tendencies to fuse, which is one of the primary effects of the psychological factor under simple-majority, does not exist under PR. The reason for this, is that there is no harm for parties to exist separately - they can all get represented, given that they get enough votes to pass the electoral threshold. The result then, according to Duverger’s theory, is a multiplication of political parties. How many parties will result however, he does not specify. Yet, an important argument that he makes is that the determinants of the number of political parties have to be studied at the level of the electoral district, not at the national level, as many subsequent works do.

Duverger’s contemplation about the decreased fusion incentive within a PR system is logically consistent, but it does not address the constraining factors of the electoral district per se (the social composition and the magnitude of the district). It also disregards all costs associated with elections. When district constraints are taken into account, and the fact that neither contesting and winning, nor contesting and losing an election is costless, it is plausible to conclude that the multiplication of political parties must be bound within certain limits. Further, there must be a condition under which it will be more rational for political parties to fuse, rather than contest elections alone.

More recently, Cox and Niou (1994) and Cox (1997) have established an upper limit for the number of political parties we can expect in a given electoral district. The theory of political learning, which I propose here, comes as an extension to Cox’s scholarship. I

attempt to refine Cox’s rule about the number of parties we can expect by incorporating both electoral and social characteristics of a given district (for a detailed review of his work and my contribution see chapter 2).

In reaction to Duverger’s belief that his *psychological factor* is inoperative under PR systems, Cox (1997) mentions Leys (1959) and Sartori (1968), who argue that strategic voting under PR is no different in kind than that under plurality. The only difference is the degree to which it comes to play, and the degree to which it reduces the number of parties. The dynamic of the strategies developed as a result of the psychological effect has received little attention, despite its theoretical implications (Palfrey (1989), and Cox (1997) and first manuscript 1987, are notable exceptions).

Both Cox and Palfrey examine the pure wasted-vote phenomenon through incomplete information games among voters, and conclude that Duverger’s theory is correct - in equilibrium, hopeless candidates are taken out by strategic voting (Cox), and in large electorates strategic voting incentives cut the support for all but two parties (Palfrey). The key distinction that sets these two models apart from the formal work within the *spatial theory* context, is the recognition of the fact that there are three factors at play in the electoral coordination problem: electoral institutions, which determine how votes translate into seats, preferences of the elite, which determine elite behavior depending on whether members care about policy implementation or winning, and expectations, the prior beliefs that elite members have about each others’ future behavior, which affect elite’s decisions on entry. The last factor, expectation, is the most crucial factor through which electoral laws affect elite behavior *psychologically*.

Despite their contribution in formally confirming Duverger’s theory, these works leave several issues unattended. For example they treat all electoral units, and agents operating within them, as equal, offering the same conclusions for all. Second, their models are static and do not take the effect of time into account. Finally, despite moving theory forward by providing party system scholars with an upper bound for the number of political parties we can expect, what is the optimal number of parties has not been settled. By examining elite behavior and the conditions under which party system change occurs, the theory of *political learning* which I develop here, attempts to contribute to the literature by proposing answers

to these questions.

After Duverger, the majority of the remaining literature in the *electoral and party systems* scholarship is empirically oriented (the works discussed above are an exception). One of the examinations of the effect of electoral institutions on the number of political parties was done by Rae (1967). This is the first, more systematic, empirical analysis of the effect of different electoral institutions that makes several contributions: it is the first cross-national comparative study to analyze election data from 20 Western countries in the period of 1945-1965; in addition, Rae lays out several independent variables (district magnitude, ballot types, and fractionalization), which he believes to be pertinent to the study of electoral and party systems; finally, he develops a fractionalization index, $1 - (\sum_{i=1}^n x_i^2)$, (Rae 1967, 56), which measures the fractionalization of the party system. The fractionalization index is based on the probability that any two randomly selected voters will have chosen different parties in any given election. While the *effective number of parties* (Laakso and Taagepera 1979) has been the more accepted measure for the weighted number of parties, Rae's *fractionalization* index, has been widely used by works that employ any kind of proportionality index (ethnic heterogeneity is one example).

Rae's work set out the way for thirty-plus years of empirical studies that test different aspects of Duverger's propositions. Shugart (1985) for example, studies the two effects of district magnitude on the number of parties in Venezuela, while Lijphart (1990) does a multinational analysis reexamining and extending Rae's data. Lijphart finds that the electoral formula (SMD or PR), and district magnitude, have much stronger effect than the one reported by Rae (1967). He also finds that contrary to Rae's claim, the type of ballot (ordinal or categorical) does have an effect on multipartism, and that in single-member districts, ordinal ballots encourage more contestants than categorical ballots.

The majority of the electoral and party systems studies that emerge before the late 80s, remain focused on the effects of the electoral laws on parties alone. A paper by Taagepera and Grofman (1985) breaks that trend. This study is the first attempt to link together two traditions that study the emergence of parties from different perspectives. Taagepera and Grofman (1985) suggest that the number of parties is a combination of institutional (Duverger 1954) and ideological (Downs 1957; Lipset and Rokkan 1967) effects. The effect

of ideology on the number of parties is mentioned in [Lijphart \(1990\)](#), “of course, there are also other important causes of multipartism, particularly the number, and depth, of cleavages in a society” (488), but he still considers just institutional variables. Taagepera and Grofman synthesize both approaches, and come up with the proposition that the effective number of parties, N , is equal to the number of ideological dimensions plus one, $N = I + 1$. They use Lijphart’s ideological dimensions data to compare the *effective number of parties* found through their formula, and the one developed by [Laakso and Taagepera \(1979\)](#).

The notion that the number of political parties is not simply a result of electoral laws, is seen again in [Ordeshook and Shvetsova \(1994\)](#) and [Amorim-Neto and Cox \(1997\)](#), two studies which have gained recognition for a substantial contribution to the field by linking institutional, and social factors, to the study of political parties. [Ordeshook and Shvetsova \(1994\)](#), inspired by a series of works ([Rae 1967](#); [Lijphart 1990](#); [Taagepera and Grofman 1985](#); [Taagepera and Shugart 1989](#)), study the effects of district magnitude and ethnic heterogeneity on the number of parties. An important contribution of their paper is the proposition that electoral institutions and social cleavages have an interactive effect on the number of political parties. The authors also note that previous studies ([Taagepera and Grofman 1985](#); [Taagepera and Shugart 1989](#)) use endogenous measures of ideological dimensions, the effects of which could be due to the different incentives alternative electoral systems give to elite members. Ethnic heterogeneity, is thus seen as a better measure of ideological differences, because it is exogenous to the party system, and any effects found as a result of its inclusion, can be directly linked to ideological differences. The conclusion that they reach, is that in PR systems with large ethnic diversity, the number of political parties becomes particularly sensitive to the size of the district, while the degree of ethnic heterogeneity has no effect on the number of parties in plurality systems. Although an important empirical finding, their work does not address the connection theoretically.

[Amorim-Neto and Cox \(1997\)](#) re-test the proposition that the number of parties is affected by the interaction of electoral institutions and social cleavages on a larger dataset, including developing countries from around the world (mostly Latin American and African countries, only Czech Republic from Eastern Europe), and controlling for the influence of presidential elections and presidentialism, as well as for the presence of an upper chamber.

Despite the slightly different model, Amorim-Neto and Cox’s analysis confirms the interactive effect. The increased positive effect of district magnitude, when high ethnic diversity exists, is again shown to hold true. These two studies have inspired other scholars in the field (Benoit 2002; Cox 1999; Taagepera 1999; Tavits 2005) to incorporate the proposition that the number of political parties is a function of the individual and interactive effects of electoral institutions and social cleavages, and including ethnic heterogeneity in our examinations of party system change, has now become the state of the art.

Several decades of empirical work on the question of political parties, and the decisions of elite members to enter the electoral race, have turned to be quite successful in extending our knowledge of electoral and party systems, as the chapter illustrated thus far. We have learned that the number of political parties is determined not only by the electoral law, but also by the structure of the society. Yet, the logic behind how many political parties we can expect in a given electoral district, still remains largely underdeveloped. Moreover, most extant studies of the number of parties are executed on the national level, while Duverger’s theory was meant for the electoral district. Therefore, the question of the number of parties needs to be further explored theoretically, and be properly tested at the district level. Additionally, the empirical data collected for this project suggests that, more often than not, there is a variance between the number of political parties we expect in theory, and the number of parties we see in practice, and that this difference is greater in more recently established democracies. It is therefore natural to wonder, what explains the difference between the theoretically expected number of parties, and the actual existing number of parties, and what explains the difference in the magnitude of this variance among countries? I address these, and other related, questions with the theory of political learning which is developed in the following chapter.

1.2.3 Why Parties

After examining the large scholarship dealing with the electoral game, it is necessary to briefly review several other works that answer a connected to the electoral coordination theories, and quite important for the theory of political learning, question: *why parties come*

to be? The origin and the development of political parties is an enormously rich literature, but here I shall only name a few.

One of the seminal works within this literature is Schattschneider's (1942) *Party Government*. Schattschneider defines a political party in terms of its purpose, and in terms of the methods used to attain that purpose: "*A political party is first of all an organized attempt to get power [control of government]*" (35). According to Schattschneider this feature of political parties, aiming for control of government, distinguishes them from pressure groups. A similar notion about parties - that they are entities coming to existence as organized attempts to control government, to organize and express interests, is present in several subsequent works (Duverger 1954; Lapalombara and Weiner 1966; Sartori 1976) as well.

A more recent attempt to answer the question "why parties emerge?" is pursued by Aldrich (1995) in *Why Parties*. Building on Schattschneider (1942), Aldrich views political parties as endogenous institutions of the political system, which are created, exploited, and maintained by the ambitious office-seeker and office-holder. Political parties are seen as necessary instruments to achieve one's career goals, as well as providing "the only means for holding elected officials responsible for what they do collectively" (3). Parties, Aldrich argues, are shaped by political actors, institutions, and historical developments. The author acknowledges three basic views of parties within the literature - parties as diverse coalitions (referring to V.O.Key 1964), Schattschneider's (1942) responsible party thesis, and parties as a means to compete for office (Schlesinger's ambition theory 1966, Downs 1957), and presents his own rational choice view of political parties. Parties, for Aldrich, are institutions that solve problems which the political system does not otherwise solve. According to Aldrich's theory, political parties regulate access to offices (ambition theory), help get policy passed (social choice theory), and mobilize supporters (collective action problem). In addition, he argues, that political parties lower transaction costs.

The conclusions that Aldrich makes about the origin of political parties are sound, however they are quite limited by the fact that his theory is built with a single, very specific, case in mind - the United States. Do his conjectures travel across countries, and how do the purposes which are delineated for parties' existence help us understand when do parties emerge, and how many parties emerge? His theory is mostly silent on these issues. Starting

from the same premise - elite members as office-seekers - I look at the conditions under which parties form, thus tackling the ‘when’ do parties form, as opposed to Aldrich’s ‘why’ do they form, with the political learning theory developed in the following chapter.

1.3 THE PUZZLE

I started this chapter with a discussion about the consequences of electoral coordination failure (see section 1.1) and with a review of extant literature, and showed, that successful electoral coordination leads to a reductive effect on the number of political parties (Cox 1997, 4). At the same time, failure to coordinate, and the existence of incentives which do not encourage coordination, lead to wasted votes and wasted candidacies. A question that follows is “what are the conditions under which candidates will refrain from contesting elections by forming new parties or participating in party splits, and under what conditions will party merger or party dissolution be the rational response to the electoral game?” In other words, the puzzle that we need to solve is to get a better understanding of what facilitates the convergence of the theoretically expected number of parties and the number of electoral parties that actually exists?

I have reviewed two bodies of literature which look at some aspects of that question. *Spatial theories* have studied where parties will position themselves along the policy spectrum, when constrained by different electoral rules and the possibility of new entry (Hotelling 1929; Downs 1957; Palfrey 1984; Brams and Straffin 1982; Feddersen et al. 1990). Scholars of the discipline predict that, for the most part, new candidates will be deterred from entry under a simple-majority electoral rule when two parties already exist, and that the decision of whether to enter will be made upon a cost-benefit calculation. Spatial models, however, do not give a specific answer to the question of how many parties we can expect in a given electoral district, which limits our ability to predict the number of political parties in real-world political systems, nor do they attempt to compare theory and practice.

The *electoral and party systems* literature, on the other hand, links strategic entry to several institutional and social characteristics of a given system. Studies empirically show

that the development of the party system is directly affected by the electoral rule in place (simple-majority vs. proportional representation), as well as by the social diversity of the public. As reviewed earlier, the main theoretical predictions found in these works are that as district magnitude increases, the expected number of political parties increases as well (Duverger 1954; Rae 1967; Lijphart 1990). Further, in systems with high ethnic diversity, the effect of electoral institutions is stronger under proportional representation (Ordeshook and Shvetsova 1994; Amorim-Neto and Cox 1997). Despite the undeniable findings that this literature extends, as Shepsle (1991) notes, “although these are equilibrium statements, neither Duverger nor any of the empirical works following him are explicit about it (63).” None of the electoral and party systems works so far, are able to answer the questions posed at the beginning of the chapter. Most extant scholarship looks at static models of developed democracies, and is thus unequipped to meet the challenges that the rise of many newly democratic states in the last 20 years pose in front of party system scholars. In order to keep theory aloft with the changing world, we need a fresh interpretation of party system change, and a clearer and better understanding of what determines and explains this change, as well as the differences in how it comes about in different countries.

1.4 A POSSIBLE SOLUTION

So far, the discussion points to several unanswered questions. Why do new political parties continue to emerge and contend elections when theoretical and empirical evidence shows that they are bound to waste their candidacy? Why are there more political parties in one electoral district than there are in another, if both share similar electoral characteristics? Why does the number of political parties change between elections even when there are no changes in the institutional settings? What accounts for the differences that exist between the party systems of developed and developing democracies?

The goal that I have with this dissertation is to propose potential answers to the above questions by extending existing theories of electoral competition, and testing the relationships that I propose on a unique district-level dataset. I link strategic elite behavior to the

theoretically expected number of parties for a given electoral district in a theory called *political learning*. The theory of *political learning* uses Cox's (1994; 1997) $M+1$ upper bound rule, the cost-benefit calculations from Riker and Ordeshook (1968), and the empirical finding of Ordeshook and Shvetsova (1994) and Amorim-Neto and Cox (1997) that ethnic heterogeneity has a significant effect on the number of parties, to further explore our understanding of party system development. The main premise in my theory is that there is a dynamic component, that of learning, in the development of party systems which most studies have ignored so far. I argue that elite members are subject to the constraints of district-specific characteristics, the effect of which they learn over time, on one hand, and to the constraints of the specificities of the electoral race which can often change, that they learn through their electoral experience, on the other. Thus, in trying to explain the variation in the number of parties across districts, nations, and time, I propose that an a priori expectation that elite members, especially those in newly formed democracies, would immediately respond with rational-choice type outcomes to the electoral environment they are in is erroneous, as it can lead one to the wrong conclusions of lack of structure or rationality in elite behavior. Rather, I suggest, that we commence the analysis of party system development with the idea that the rational behavior expected by our models is learned or achieved in the real world over time, as a result of continually updated knowledge about the electoral game gathered by trial-and-error from the participation in different electoral races which subject elite members to specific institutional constraints, costs and opportunity costs, all of which ultimately affect their electoral decisions.

I develop the theory of political learning and look at four possible scenarios under which the number of political parties can change. The analysis leads to the conclusion that factors other than the ones we have solely concentrated on thus far, namely the size and composition of the district, play an important role in the elite members' calculus. In addition to learning the constraining effect of the district ethnic heterogeneity and magnitude, factors internal to the national party system such as the rules about participation in the electoral race, all of which can be generalized as 'costs' which politicians enter into their cost-benefit calculus when deciding whether to contest a national election, additionally influence elite behavior. I argue further, that politicians are also subject to pressures external to the national party

system, such as the participation in elections for a supranational parliament, or a country's application or entrance into a largely recognized international community, which can enhance the benefits side of the calculus, and thus have an indirect effect on the overall number of parties.

1.5 RESEARCH DESIGN

The design of the dissertation is as follows. Chapter 2 develops the theory of *political learning* and introduces the hypotheses to be tested. Chapter 3 discusses the operationalization of the variables, and provides the results of the empirical test of the theoretical propositions given in Chapter 2. The propositions are tested on a large-N dataset from 21 parliamentary democracies of Western and Eastern Europe. The unit of analysis is an electoral district. To delve deeper in the learning process, Chapter 4 provides a case study of electoral coordination within the context of Bulgaria. Chapter 5 includes several shorter case studies of three other East European democracies - Croatia, Romania, and Slovenia. Chapter 6 steps out of the short-term analysis carried thus far and examines the question of how domestic political systems are affected by the participation of national political parties in supranational institutions in the long term. The relationship is studied in the context of national representation in the European Parliament. Chapter 7 summarizes the results, lays out a possible direction for future studies of party system development, and concludes.

2.0 TOWARDS A THEORY OF POLITICAL LEARNING

To concentrate solely on elites or on voters misses the crucial point: the outcome of democratic elections is an interactive process. Successive elections offer elites a chance to try different appeals in pursuit of votes. Concurrently, voters can reward parties that show most sympathy to their demands. Over time, this process can lead to a democratic equilibrium in which elites supply parties that attract votes and voters identify with parties that meet their demands.

Rose and Munro, *Elections and Parties in New European Democracies* (2003:1-2)

In Chapter 1, I introduced a puzzle of electoral coordination, showing that when elite members fail to coordinate, to paraphrase Cox (1997), votes do not count, and inefficiency occurs. A quick glance over the data from the electoral races in Eastern Europe since 1989 reveals a multitude of political parties that attempt to get elected and enter parliament (for example, in the first democratic election in Romania there were on average 34 political parties per district, with 56 parties attempting election in the Bucuresti constituency alone; Bulgaria averaged 23 political parties per district, with 37 political parties in the Pleven constituency alone; Slovenia averaged 20 political parties per district, with 23 parties in the Ljubljana Centre electoral district alone in the 1996 election). At the same time, Western counterparts such as Germany and Belgium, averaged 8 and 7 political parties per district, with the maximum of 10 and 12 parties per district, in 1957 and 1971, respectively. Even Italy, known for its party multiplication, has an average of 13 political parties per electoral district and a maximum of 20 parties in the Puglia district, attempting election in 1994. Why do such differences exist? What affects the number of parties in different places and at different points in time? The sizeable literature on electoral competition, which I review in the previous chapter, contains spatial and equilibrium models of a simplified world, providing conditions for entry and exit from the electoral arena, yet, it remains silent on the above

questions. Extant theories of strategic electoral behavior do not explain why there were 8 political parties in the Nordrhein-Westfalen constituency in Germany in 1957, and 31 political parties in the Caras-Severin constituency in Romania in 1992. Using extant theories, the only conclusion we can draw about the differences between developed and developing democracies is that the latter exhibit non-rational outcomes. But is this truly the case?

Further, current theory does not explain the variation in the number of political parties in a single district when traced over time. Consider, for example, the Helsinki constituency in Finland, where between 8 and 18 parties attempted election in the period of 1983-2003. Thus far, extant theories link the number of parties to the district magnitude and social composition ([Cox 1997](#); [Duverger 1954](#); [Amorim-Neto and Cox 1997](#); [Ordeshook and Shvetsova 1994](#)), but have only gone so far, as to put a lower and an upper bound to the number of parties that we should expect, without explaining why they differ from election to election. For the Helsinki district of size 20, Duverger's theory predicts a lower bound of more than 2 parties, and Cox's theory sets an upper bound which restricts Duverger's expectation to no more than 21 parties. Yet, we still have no way of differentiating among anything in between - what does 8 mean in relation to 11, or 18 in relation to 8, current theory does not reveal.

To get a better understanding of the causes of the number of political parties, and more importantly the differences among different countries and electoral districts, I argue that we need to employ a more dynamic view of the electoral competition process, and consider other mechanisms that might be at work. Our models need to consider how do politicians respond to existing rules over time, as well as examine the effect that changing certain rules may have on their behavior. Particularly, I claim that there is a process of political learning that affects the number of parties. The number of parties is not solely affected by the district magnitude and the ethnic composition of the district as we tend to have thought thus far, but it is rather a consequence of the combined effect of constraints from two sides - the district and the national regulations about the electoral game. I argue that elite members learn the constraining effects of district characteristics through time and trial-and-error, but they also become more sophisticated in utilizing cost-benefit calculations as a result of the institutional constraints imposed on the competition, which leads them to actions yielding a higher payoff (such as merger with other parties when there are too many political parties

for limited possible slots, or leaving the electoral arena when staying in it becomes more costly than profitable, or when alternative opportunities, such as equally or better paid jobs become available).

Refining the study of the causes of the number of parties through the concept of political learning, gives us the ability to find rational explanations for seemingly non-rational outcomes, as well as it increases our ability to compare units, whole systems or electoral districts, across space and across time. What the theory of political learning answers that other theories are silent on, is that it explains why in a given district in which the primary parameters thus far accounting for the number of parties do not change, or change slightly, the number of parties varies at different times. Political learning also explains why we see different numbers of parties in districts with similar characteristics in young and more mature democracies. Adopting this new concept for the study of the number of political parties provides a sharper analytical lens for our understanding of the dynamics of party system development. In doing that it increases our ability to predict, and if some currently non-democratic countries are to democratize in the future, we will be better equipped in making more precise expectations about the number of political parties.

The main argument I make in the dissertation is that the age of democracy helps determine how close the party system in a given electoral district is to the one we expect in theory. From the case of the Helsinki constituency in Finland mentioned above, it is easy to see that the number of political parties present in party systems, is often different from what theory predicts. [Chhibber and Kollman \(2004\)](#) provide several such examples as well. Party systems undergo alterations due to changes in the electoral rules, changes in the composition and cleavages in the society, or regime changes, and the number of parties varies as a result. However, as I argue here, there is a component of learning that affects the number of parties, which theory has left out thus far. By participating in elections and having to compete under the constraints set by the district characteristics and the rules about the competition itself, politicians learn what works and what doesn't, and make decisions accordingly. Given the assumption of rationality, it is reasonable to expect that politicians will only stay in the electoral game while it is cost-effective to do so. This is not to undermine the fact that many politicians might take politics as a devotion, however, even these elite members have

to ‘break-even’ when running for office. Thus, parties will form and multiply when it is cheap for them to do so, and they will merge and/or disappear when they see that they have a stronger chance of getting elected together than they do apart, or when alternative job opportunities become available.

The process of learning is especially important in unconsolidated party systems, or party systems where established political parties do not persist over time and there are no stable voting patterns that can be observed over the course of several consecutive elections. In newer democracies for example, politicians are “testing the waters,” and more often than not we observe a flooding of political parties, the number of which changes from one election to the next. In the language of game-theory such party systems are experiencing lack of coordination among the players involved, or in other words are suffering from a coordination problem. However, in repeated coordination games, such as Battle of the Sexes or the Game of Chicken, despite the existing positive probability of failure, once a stable outcome is reached, the chances of revisiting it increase. Therefore, as elections take place and elite members gain electoral experience, the chance that the party system approaches the theoretically expected number of parties, increases. In other words, the theoretical expectation is that as democracies mature, the number of political parties which exist in practice, will get closer to the number we expect in theory, as a result of the knowledge which politicians accumulate over time about what is efficient, and what isn’t subject to district and competition regulation constraints. A quick example that attests to this expectation is the Blagoevgrad constituency in Bulgaria - for four consecutive elections in the period between 1994 and 2001, the number of political parties contesting the election steadily decreased over time, each time coming closer to what is expected in theory, and thus exhibiting a higher level of party system convergence. It is this transformation from coordination failure to increased chance of revisiting the theoretically expected number of parties, a process I deem political learning, that I explore.

2.1 POLITICAL LEARNING

I began this chapter with a discussion on the existing difference between the actual and the predicted number of political parties that a given electoral district has, and the lack of specificity and thoroughness in the literature on why such a discrepancy exists. In fact, most extant studies focus on either one, or the other aspect of the number of political parties - the theoretically driven works examine predictions about the number of political parties, while empirical ones use the *de facto* number of parties to test the proposed theories. This gap between theory building and empirical testing creates a knowledge vacuum, which prevents us from making accurate predictions and efficient prescriptions for newly forming party systems.

In an attempt to diminish the gap between theory and practice, I develop a theory of political learning, the empirical test of which incorporates both the actual and the predicted number of political parties, and traces the effect of factors which are believed to influence the size of the gap between the two. The central premise of the political learning analysis is that neither district magnitude, nor social factors alone, may satisfactorily account for the fluctuations in the number of political parties in districts over time. I argue, that behind such fluctuations is the maturity of democracy and the knowledge about the constraining characteristics of a district political agents get with time, as well as a more sophisticated response to the rules about the electoral competition itself, which results from repeated participation. As time passes, and political elite members participate in elections, they become more knowledgeable of how the electoral system works, as a result of which they can make more informed choices about whether and how to run for office. Thus, as young democracies mature, we can expect the actual number of political parties contesting an election to continually approach the theoretically expected number of political parties.

I conceptualize the difference between the actual and the predicted number of parties through what I call party system convergence. Party system convergence is comprised of two components - a dynamic and a static one. The dynamic component is the process in time during which in recurrent elections party leaders make choices about running for office. Political parties, which already exist, can either contest an election by themselves, they can

merge with other existing parties, or they can decide to leave the electoral arena altogether. Further, one or more members of an existing political party may decide to split off, and form a new party on their own. Political entrepreneurs who have not participated in elections thus far, but see an opportunity in doing so, may decide to form a new party as well. These decisions affect the number of elective parties (the political parties that go to an electoral race). I call them *raw number of parties (RNP)*. In different elections *RNP* can, and often changes.¹ For example, the Brussels electoral district in Belgium had 5 contestants in total in 1971, 8 in 1974, 8 in 1977, 9 in 1981, 11 in 1985, 9 in 1987, 10 in 1991, 13 in 1995, 10 in 1999, and 7 in 2003. Clearly, there is an observable variation in the number of political parties that contest in that same district. Some of the variation can be attributed to changes in the district magnitude - for instance the magnitude increased in 1974 and again in 1985, which is in line with the rising number of parties given extant theoretical conjectures, yet, a decrease in the district magnitude in 1995 and an increase in 2003, do not result in concurrent movements in the number of political parties. This suggests that currently we fall short of explaining the change in the number of parties that we observe, and opens an avenue for a contribution which the political learning analysis attempts to make.

The political learning explanation which I offer, contends that through time and recurrent experience in elections, the level of the party system convergence moves up or down, reflecting the knowledge that politicians have about the institutional set up that they are facing in a particular election. I assume that elite members incorporate updated knowledge when making decisions about whether and how to run in the following election. My expectation is that as age of democracy increases and politicians face particular institutional rules governing the electoral competition, they gain more knowledge about the constraining effect of district characteristics and those of the rules of the electoral game, as a result of which the actual number of parties will get closer to the number of parties predicted in theory.

The short example of the Brussels electoral district illustrates that. When the district magnitude decreased from 16 to 11 seats in 1995, the number of contesting parties rose. At the same time, theory (both previous and mine) predicts that as district magnitude falls, the

¹Please note that *RNP* is the number of parties that contested election and received some votes. *RNP* should not be confused with the number of registered parties, which is often much higher and consists of what many may consider non-viable organizations such as the US Marijuana Party.

number of contesting parties should fall as well. The data shows that this doesn't happen in 1995 when the change occurs. However, when we trace the development of the party system in the Brussels district over time, we see that the number of contesting parties continually decreases to 10 in 1999, and 7 in 2003. This certifies the need to make our studies of party systems development dynamic. Moreover, the number of contestants in the Brussels district reached the theoretically expected number of parties in 2003, after swaying from it in 1995 as a result of the change that occurred in the rules. This shows that it took elite members competing in the Brussels district 2 electoral cycles of learning, each of which brought the number of contestants in the district closer to the number we expect in theory.

The number of parties we expect in theory, is the second, static, component of party system convergence, which I call the *theoretically expected number of parties (TENP)* (for the mathematical definition of the TENP see p.65). The TENP is specific to the characteristics of a given electoral district, and is therefore more or less constant over time (unless a change in the characteristics of the district occurs). Therefore, the TENP is higher for districts with larger magnitudes, as well as districts with more heterogeneous social composition. For example, if two districts with the same district magnitude differ in their social composition, such that one is homogeneous and the other is heterogeneous, the theoretically predicted number of parties for the second district will be higher than for the first. The purpose for deriving a specific statistic is to extend our knowledge of party system development by incorporating what has been suggested to affect the number of political parties by recent research ([Ordeshook and Shvetsova 1994](#); [Amorim-Neto and Cox 1997](#)), as well as to provide a quantifiable tool for studying how different districts do in comparison to one another, but in reference to their own characteristics. The TENP allows us to compare the political development of districts and enables us to say how each one did in comparison to others. It also allows us to look at a given district through time, and see how the party system performed in different time periods.

We can think of the theoretically expected number of parties as the number of political parties that can run for office and have a chance of being elected in a particular district. Duverger's (1954) theory states that the equilibrium number of parties for single-member districts is two, while for proportional districts it is many. [Cox and Niou \(1994\)](#) and [Cox](#)

(1997) further develop the idea of ‘many’, and claim that under the assumption that players are rational, the number of candidates who have a chance of being elected should not exceed $M+1$, where M is the number of parliamentary seats given out in the district, or as is otherwise known, the district magnitude. What this rule basically says, is that if every seat in a given district were to be taken by a different party, no more than $M+1$ parties should be expected to enter the race as any $M+2$ party will lose, and thus waste its candidacy. Recently other researchers have argued (Amorim-Neto and Cox 1997; Ordeshook and Shvetsova 1994) that social cleavages play an important role in the party systems as well, and that we can expect to see more parties in more heterogeneous societies, than we would in homogeneous ones, with the same electoral law. Ordeshook and Shvetsova (1994) develop their logic for the number of national political parties. Yet, the same logic applies at the district level - in two districts with the same district magnitude, we should expect to see more parties in the one with more diverse ethnic composition.

Neither of these theories however, equips us with a specific tool with which we can compare party system development over time. I propose the TENP for that purpose. Taking the findings in the above studies into account, I build the TENP as a function of district magnitude and the ethnic heterogeneity of a particular district (for specific measurement see chapter 3), and use it as a reference point to measure party system performance.

Before proceeding with the discussion on the TENP let us consider ‘why ethnic heterogeneity, what makes the use of this indicator important?’ Stated simply, ethnic heterogeneity is important because it reflects, albeit in an imperfect way, social preferences, cleavages. The latter are considered to be major issues that concern, and often divide society, and political competition is said to be centered around them. As Ordeshook and Shvetsova (1994,10) eloquently state it:

“the analysis of political institutions presume that those institutions mediate between individual preferences and outcomes...we also know that preferences have, as one source, society’s underlying social structure, especially its ethnic structure. So in learning the influence of institutions on outcomes, we should consider the possibility that similar institutions in different social contexts yield different outcomes.”

Duverger (1954) also calls on the fact that the relationship between an electoral and a party system is not mechanical and automatic in that, as he argues, a particular electoral

regime does not produce a particular party system, but it exerts pressure in the direction of this system. Ordeshook and Shvetsova note however that Duverger’s argument, despite his work being used as a stepping stone for every study analyzing party systems, is not always made part of our research, and in the few instances when it has been ([Taagepera and Shugart 1989](#)), they argue the issue dimensions can be considered endogenous to the political system, and thus question the results. The argument is that political parties exert pressure on electorates and can influence the salience of issues. [Ordeshook and Shvetsova \(1994\)](#) propose ethnic heterogeneity as a viable substitute, and argue that it is a measure of the exogenous determinants of social preferences that are relevant, a priori, to the pressures of the political parties, an argument with which I agree. Therefore, I adopt the use of ethnic heterogeneity as a proxy for social preferences in developing the theory of political learning and in the measures I propose for evaluating the development of party systems.

The TENP incorporates the idea that more heterogeneous electoral districts give a chance to a larger number of political parties to get elected, than more homogeneous districts do. In doing that, the TENP never exceeds Cox’s $M+1$, and it does not exceed it. In fact, Cox’s $M+1$ rule is a special case of the TENP - the statistics are equal when the electoral district is 100% heterogeneous. Since, this is never the case, the number of parties which the TENP predicts is less than the highest number of parties the $M+1$ suggests. This extension of Cox’s rule, fits well with more recent findings that ethnic heterogeneity matters for how many parties there are, and it translates well into districts operating under different electoral systems.

It has been noted by scholars that PR systems are often preferred to SMD systems because they are more proportional, and thus offer minority groups the chance of being represented. This fact is accounted for by the TENP statistic in that SMD districts, regardless of their heterogeneity, fall into the bottom of the ladder of the number of expected parties. How heterogeneity affects the number of parties in non-proportional systems is also discussed by ([Cox 1997](#), 25). In electoral systems where the rule of winner-takes-all is applied (SMD), there is no incentive for political parties to try to mobilize on societal differences (ethnicity being one possible difference); rather, the incentive is for large parties to claim several different groups as part of their electorate.

The idea that a specific number of political parties can contest an election and get elected, can be compared to the idea of a market with producers of a specific good. Within a market, the demand for a particular product dictates how many firms are needed to supply it, and any additional entry will result in losses incurred by the ‘extra’ entrant. Similarly, within an electoral district, only a certain number of political parties has a chance of being elected, and I propose that it is bound by the TENP and $M+1$. If, with time, the number of parties that compete for office gets closer to the TENP, this would be a sign of more convergence and vice versa - if the number of parties that compete gets further away from the TENP, that would be a sign of lower party system convergence.

Several factors can affect the number of political parties that run office. First and foremost, as mentioned previously in the chapter, the political learning analysis emphasizes the effect of time alone. The main hypothesis of the political learning analysis states that as time passes and democracies mature, politicians learn the constraining effects of district characteristics and make decisions about whether and how to contest elections accordingly. The expectation is that age of democracy will have a positive effect on the level of party system convergence, and the effect will be larger in younger democracies (because they have more to learn).

Learning through time can be attributed to two mechanisms which work simultaneously. On one hand, elite members learn the mechanical effects of the district constraints. That is, as politicians participate in elections, they learn about the effects that district magnitude and social composition have on electoral results, and can thus make more informative choices about contending as time progresses. For example, extant theory predicts that higher district magnitude will result in more political parties, while lower magnitudes will produce fewer parties. The strong effect that district magnitude has on the number of parties has been shown both in the context of advanced democracies ([Taagepera and Shugart 1989](#)) and Latin America ([Coppedge 1997](#)), but it is more pronounced in countries with longer democratic experience and is expected to determine the number of parties in Eastern Europe when these democracies mature ([Tavits 2005](#)). The latter argument suggests that while the number of parties is larger in the young democracies where patterns of electoral competition have not been well developed, as time passes and democracy matures, we will observe the effect of

electoral institutions found in more mature democracies in the newly established states of Eastern Europe as well. This is indeed the main premise of the political learning thesis where I argue, that it takes time for politicians to learn what the constraints and the payoffs of a given institutional setting are, and therefore we can expect the rational outcomes which our theories predict to come as a result of the knowledge that politicians gain in their repeated experience with the electoral game as democracy matures.

The effect that age of democracy, or time, has on the level of party system convergence is important and therefore warrants some extra attention. Critics could say that time is not a determinant in itself of how high or low the level of party system convergence in particular district is. The argument would be that the level of party system convergence will only change as a result of institutional manipulation of the rules of the game, which happens naturally as time passes. While it is true that changes in the rules and requirements happen in time, I would argue that this line of thinking is erroneous. It is erroneous for two reasons - first, learning as such, happens through time, whether additional factors that our models deem important change or not; second, learning can also take place as a result of changes in factors left out of our models, thus changing the set up of the environment in which political actors exist, without changing any of the observed determinants (in our empirical models such changes of unaccounted phenomena make up the error term).

How time affects learning can be illustrated by the following example. Consider a child who doesn't know how to speak, or a child who doesn't know how to walk. We can say, that a child exposed to stimuli of speaking, and a child exposed to stimuli of walking, will learn to speak and walk perhaps faster and better than a child exposed to less or none such stimuli. Yet, it can be argued that the child will also attempt to say things or crawl, get up and fall, in the attempt to talk and walk. In that sense time matters, as when time passes we learn. Another example is a 'hot stove'. Imagine a child who has no sense of hot and cold, touches a hot stove one day and gets burned. A week later, the situation repeats, and eventually the child learns that hot burns, and therefore stays away. In that example nothing has changed, apart from the fact that time has allowed the child to learn through repetitive experience. The logic of political learning through time is the same. If we think, figuratively speaking, of the electoral district determinants as a 'stove' which 'burns' every additional political party

by leaving it out of office, then based on rational expectations we can expect political actors to learn as time passes what the dimensions of the districts are and how many parties are conducive to those dimensions. Then, comparing a new democracy and its elite to a child who doesn't know how to walk and talk, it is feasible to expect that even in the absence of any additional factors, or their change, they will learn the constraining effects of the electoral districts and make decisions about competing accordingly. In that sense I expect that more learning, or better understanding of how the electoral setting works, as time passes, will decrease the number of political parties. Evidence that party system convergence increases as young democracies mature can be found on multiple occasions in the data examined here (some examples include Austria, Hungary, Poland), as well as in other scholarly works which claim that time matters for how party systems in new democracies behave ([Kaminski 2006](#); [Moser 1999](#); [Tavits 2005](#)).

In addition to learning the mechanics of the electoral race, elite members are constrained by the costs of running for office. I therefore expect their decisions of whether and how to contest elections, which determine how many political parties we observe, to be affected by a cost-benefit calculation. Major factors forming the costs of contending office are the pre-electoral requirements parties wishing to compete have to meet, as well as the source of the funds needed to support an electoral campaign. Given rational expectations, the cost of participation will affect the number of political parties that contest elections, and thus reflect the level of party system convergence. If in order to form a political party and run for office one has to privatize all associated costs (for instance when there is no public funding, or there is a requirement for a large monetary deposit which the party will receive back only if it passes a certain electoral threshold), we can expect the number of political parties contesting an election to diminish. Therefore, as a result of the constraining effects of institutionally set competition rules a decrease in the number of parties will translate into higher levels of party system convergence (i.e when the actual and predicted number of parties are closer to each other). Conversely, if forming a party and running for office can be done at almost no private cost, we are likely to see a higher number of parties due to new party formation and party splits, both of which can be expected regardless of whether such parties have a chance of passing the electoral threshold.

Finally, we can expect the emergence of a new major issue, as well as the opportunity to participate in elections at a level other than the national one, to alter party systems and affect the level of party system convergence that they are at. The logic behind this expectation is that, a new major issue, or for example the ability to contest an additional, supranational, election, provides a new opportunity and incentive for elite members to compete. It is well documented ([Reif and Schmitt 1980](#); [Hix and Marsh 2007](#)) that elections for European Parliament are considered second-tier national elections in that they are ‘secondary’ to national elections and that they are fought mostly on national issues rather than European ones. [Hix and Marsh \(2007\)](#) further argue that because of being perceived as second-tier contests, voters often vote sincerely, as opposed to casting strategic votes for larger parties, during elections for European Parliament. As a result, they note, smaller and more extremist parties tend to perform better in EP elections than they do at national ones. In addition, it is argued that voters can use European elections as a time to signal to governments whether they approve or disprove of their politics, as well as if they want change. The combination of these dynamics suggests that around EP elections we can expect the number of parties to increase reflecting the incentives that these contests give to smaller and more unpopular parties at national elections, as well as the incentive to use these smaller-impact elections as a testing ground for new and larger parties, which ‘want to test the waters’ and see how much support they can count on for an upcoming national election. Similarly, we can expect to see more political parties contesting legislative elections in years when a country becomes a member (or associated applicant) of the European Union, as such hallmark events could create incentives for additional competition.

During such years, a change in the number of parties, when the TENP remains constant, would disturb the level of party system convergence and cause it to take lower values if the number of parties has indeed increased. After such a period passes, however, if party systems return to their previous state, that would signify that politicians respond rationally to the incentives they are facing, and their behavior is a result of the knowledge they gather along the way. Examples of how the level of party system convergence drops as a result of major new events, such as EU membership or EP elections, and then returns back to where it was, are available both in Eastern and Western Europe (Finland 1995 and Slovenia 2004 among

others).

Apart from the institutional factors influencing the number of parties presented so far, one could argue that the opportunity cost for contending elections might also affect party system development. We can expect that as opportunity costs go up, the number of political parties will go down, which will in turn affect the party system convergence index by bridging the gap between the TENP and the observed number of parties. The logic behind this expectation is that in more developed democracies being in office might be regarded as a regular job opportunity, while in poorer democracies being in office can be considered a very attractive job opportunity if one can get elected, given a higher salary and other perks which such a post brings in comparison to the alternatives. This may explain the higher number of political parties contesting elections in poorer societies, in comparison to the number of contestants in more well-off states, despite a similar electoral set up that elites face (as the example of Romania and Switzerland in the following section suggests). Thus, as more opportunities become available in new democracies, we can expect the boom in the number of political parties observed at the beginning of the transition period to dissipate with time.

The grand hypothesis of the political learning analysis claims that as elite members update their knowledge about the electoral system and the institutional constraints of the electoral game, the process which I call political learning, party system convergence goes up. Fairly straightforward, it becomes quite powerful in explaining seemingly unexplained to this point facts such as the high number of political parties contesting elections in the new democracies of Eastern Europe versus the number of parties contesting elections in West European states. Political learning allows us to understand the rationality behind a phenomenon, which previous theories would have deemed non-rational. In the following section, I proceed with a short review of extant theories on the number of parties, focusing on how the theory of political learning proposed here adds to existing scholarship.

2.2 STUDYING THE NUMBER OF PARTIES - NATIONAL VS. DISTRICT LEVEL

Party systems everywhere, but especially in younger democracies, go through organizational fragmentation - new parties continuously emerge and old ones disappear, and often no consecutive government is held by the same political force. Despite the fragmented character that party systems in developing democracies exhibit, the general expectation is that over time they will consolidate ([Zielinski 2002](#)). This suggests that studying the dynamics of electoral competition in new party systems, without the prior assumption of full information which is commonplace in rational choice models, is theoretically significant in that it offers a conceptual map of what are the micro-mechanisms behind the variation in the number of parties in newer versus older democratic societies.

Among extant theories, the theory of political learning can be best placed within the literature addressing the determinants of the number of political parties. The two most renown works in that subfield are Duverger's (1954) *Political Parties*, and most notably, his discussion of the *mechanical* and *psychological effects* of the electoral system on the participants in the electoral game which, as I mention earlier, provides a lower bound for the number of political parties, and [Cox and Niou \(1994\)](#); [Cox \(1997\)](#), and the discussion of the 'M+1' rule, that continues Duverger's work and offers an upper bound for our expectation in the number of political parties. Duverger's work prepared the way for a large body of literature that researches the number of parties in a political system (chapter 1 contains a detailed review). Although much comparative work has focused on finding the determinants of the number of political parties ([Amorim-Neto and Cox 1997](#); [Benoit 2001, 2002](#); [Chhibber and Kollman 2004](#); [Cox 1997](#); [Lijphart 1990](#); [Ordeshook and Shvetsova 1994](#); [Rae 1967](#); [Shamir 1985](#); [Taagepera and Grofman 1985](#); [Taagepera and Shugart 1989](#); [Zielinski 2002](#)), none explain what causes changes in the number of political parties over time when electoral and social factors remain the same, nor are they equipped to answer why units with fairly similar characteristics produce a different number of parties (for example why the Giurgiu constituency in Romania, had between 24 and 36 parties, while the Schwyz constituency in Switzerland had between 4 and 7 political parties, when both districts have the same district

magnitude). Further, few extant works offer theoretical explanations as to what happens in a given party system that causes a change in the number of political parties, or offer a comparative study at the district level - which was Duverger's initial intention for the unit where the number of parties theory should be tested.

In one of the few attempts to explain a discrepancy between extant theory and practice, [Chhibber and Kollman \(2004\)](#) present an interesting and critical extension of Duverger's Law. They examine the question of the number of parties in first-past-the-post (FPTP) systems, which by the established theory should equal to two. However, Chhibber and Kollman put forth three examples of states with FPTP electoral systems that have more than two national parties. Naturally, they ask *why* this is the case. Their study however concentrates on explaining why party systems at the constituency level might differ from those at the national level, looking at the particular parties that run. They offer a 'level of federalism' explanation for which parties we will see where, however, as other extant works, they do not study the change in the number of parties over time, and thus do not explain the variation in the number of parties between periods and among districts, which the political learning analysis brings out.

Chhibber and Kollman's study has two implications for the theory I develop here - first, it reiterates the fact that Duverger's intention was that the mechanical and psychological effects operate on the level of the electoral district, not on a national level as many empirical studies have tended to use; second, their suggestions that people will vote for political parties they feel "closer" to fits well with the proposition made here, that when developing a formula for how many parties a specific electoral district should have, we need to take into account the ethnic heterogeneity of that district (an idea that was first offered as affecting the number of parties at the national level by Ordeshook and Shvetsova, 1994) because the higher the diversity level, the more parties we can expect people will need to pick among in order to vote for the one most closely representing their interests².

The proposition in [Cox and Niou \(1994\)](#) that we should expect no more than 'M+1' political candidates in a district of size M, has deservedly received a lot of attention and

²This applies to the analysis of proportional representation systems; in SMD, even with high degree of ethnic heterogeneity the number of parties should still remain close to two.

has been widely used as a proxy of the number of political parties to be expected. While it certainly made an enormous impact on our understanding of the number of political contestants, Cox’s ‘M+1’ rule has two important shortcomings. First, as most rational choice models, it assumes full information. In order for a party’s M+2 candidacy to be foreseen as inefficient by elite members and discouraged, we necessarily have to assume that each member of the elite has the same, full, information, and they can process it identically through a rational prism. Assuming full information from the outset however, precludes our ability to explain why often what we see in reality is different from what we expect by a rational model. The political learning analysis presented here, builds on Cox by analyzing the behavior of rational actors, while allowing them to learn over time and trace other mechanisms that affect their choices (such as whether it is costly or cheap to contend), which might explain the seemingly non-rational result. Somewhat connected to that is the second shortcoming of Cox’s theory in that, as mentioned earlier, it leaves the question of *how* the number of political parties changes, unexplored. The ‘M+1’ rule tells us *why* there shouldn’t be any more than M+1 parties in a given district, but it does not tell us anything about *how* or *when* we can expect the number of parties to change. Further, he does not provide a discussion about whether the stage of the democratic development of the country will have an effect over the development of the party system, although he alludes to the potential difference between developed and developing democracies saying that “the newly established democracies may not fit quite as well with the older, more established electoral systems (Cox 1997, 18).”

Although still few have attempted to theoretically explore the gap between developed and developing democracies, Zielinski (2002) is a notable exception (also see the work of Kaminski 2006). Zielinski (2002) develops a small game-theoretic model which looks at the conditions of party system consolidation in new democracies. In his game, Zielinski allows three politicians within a democracy to simultaneously decide whether to compete in, or withdraw from, the upcoming election. The game is dynamic, therefore after each round politicians update their information set. The result is Zielinski’s proposition that during early rounds of elections, politicians in new democracies choose to fragment their party system, but over time, he argues, politicians have an incentive to consolidate, or one of the

candidates decides to withdraw (2002, 197-198).

The prediction of the model, that party systems will “automatically” consolidate with time, as politicians realize that it is inefficient for so many of them to compete is very tempting to use, in that it fits many emerging democracies’ profiles and concludes to a rather widely observed phenomenon (Kaminski 2006 presents data for the party system changes in Poland between 1989 and 2001, which clearly exhibits a reductive pattern in the number of political parties contesting elections over time). Yet, the game leaves several questions unattended. First, it does not incorporate a consideration of the electoral laws at play in any way - by design, the game fits a first-past-the-post model, although it seems intended for accounting for multi-party competition systems. If it was indeed meant to explain the latter, the game needs to be extended to ‘n-potential entrants’ and not just one (beyond the two assumed). Such a consideration is important to bear because with the potential for more than one additional entrant, the probability of winning for each competitor decreases vastly (especially given Zielinski’s design of equal probability of winning for all candidate parties). Second, the model takes the cost, c , of entering an electoral competition, to be equal only to campaigning costs. Such a setup spares a large percentage of the cost, claiming that if a party withdraws it loses nothing, while if it competes and is defeated it incurs a cost of ‘ $-c$ ’. While the model is useful in fitting a rational explanation to consolidating systems, it is still unhelpful when it comes to comparison between consolidated and consolidating system. Its micro-foundational conditions explain the fractionalization, and expected consolidation in new democracies, relying mainly on a cost-bearing analysis, but the model is still shy of explaining the number of parties relying on characteristics of the district.

Zielinski’s model of party system consolidation claims that “party systems freeze because over time politicians learn how to coordinate their entry into electoral competition” (199), yet, it does not un-pack the actual learning that it implies. Many spatial models of party competition treat the learning portion of an electoral competition as updating parties’ adjustments along the issue-space, and although spatial scholars do not refer to this process as learning, adjusting parties’ platforms essentially increases or decreases ones chances of electoral success. [Kaminski \(2006\)](#) emphasizes however, that parties in emerging democracies operate differently. Among other things, the political players are not mature enough for

elections to be dominated by issue-politics, rather, they are dominated by identity changes, and changes in the electoral law. In transitional democracies, Kaminski argues, party politics revolves around the emergence of new parties, electoral splits and coalitions, and the perpetual modification of electoral laws (334). Therefore, incorporating ‘political learning’, and attempting to un-pack what it entails, is essential for further developing party systems theory.

I proceed with a theoretical discussion of four possible scenarios (party splits, party mergers, new parties, and parties dissolution) which can cause a change in the number of political parties. For each scenario of party system change, I offer a definition and propose the conditions under which it is likely to occur. In the final section of the chapter, I summarize the proposed political learning analysis and discuss what would account for political learning in each of them.

2.3 PARTY SYSTEMS CHANGE

Before moving to a discussion of the scenarios under which party system change occurs, I want to say a few words about what I mean by ‘party system change’. A clarification is necessary, given that the use of the term has varied widely ([Mair 1989](#)), and has been used to mean anything from party change and change in the dynamics of electoral competition, to electoral rules change and change of electoral units and the interactions among them ([D’Alimonte and Bartolini 1997](#)). As [Laver \(1989\)](#) notes, parties may be viewed as coalitions of politicians, as coalitions of factions, or parties may be viewed as parties, where the entire organization is the unit of analysis. His definition of ‘party system change’ is, therefore, the change that occurs in the overall constellation of political parties, described in terms of the identity, weight and ideological location of the parties in the system. For the purposes of this analysis, I restrict the definition of ‘party system change’ to the change that occurs in the number of elective political parties - that is, the number of political parties that stand for legislative elections. For the majority of the dissertation, I consider the number of parties per electoral district, hence I look at parties as a whole, after they have made a choice of whether to run for office

or not, which affects the total number of contesting parties that I am ultimately interested in examining. However, in order to examine the causes of ‘party system change’, in this section I take a micro-level approach in order to trace the decisions facing a single elite member or a group of elite members within or outside of a party in regards to splits, mergers, forming new parties, or withdrawing a party - four possible scenarios through which the number of political parties can change. In this study, any person who is either in an acting elective political party, that is a political party that has applied to national elections, or has the potential to form or participate in such a party, is widely termed ‘a member of the political elite’. The territory of action, or the game in which these actors’ choices are examined, is the competition for national parliament. Given these constraints, all factors falling within the scope of the national electoral competition are considered endogenous to the electoral game, and all factors which fall outside of the scope of the national electoral competition are said to be exogenous to the examined game.

2.3.1 Party Splits

One way through which we could see a change in the number of political parties in the party system is, if one or more of the existing parties split. In most general terms if any political party splits, the number of political parties prior to the split, notated by $N \in (2, 3, 4, \dots, n)$ ³, will be strictly smaller than the number of political parties after a split has occurred. That is $N_{t+1} > N_t$. The more parties split, the greater the difference between N_{t+1} and N_t will be. Such an increase in the number of parties will move the party system away from the TENP, and thus result in a drop of the party system convergence index.

Party splits are common in real world politics, and especially in transitional democracies. It is therefore important to seek explanations for that phenomenon. To do that, I build a simple formal model that illustrates the conditions under which party splits may occur.

Imagine a democracy with N parties. Imagine further, that each political party, consists of multiple members and a party leadership, l . For simplicity, the model takes the following two assumptions: party splits are initiated by highly-ranked party officials (i.e. people who

³The number of political parties is assumed to be at least two since the analysis looks at democratic systems, which by definition have party competitions, hence at least two parties must exist.

have enough influence that they can potentially draw electoral support if they decide to leave their current party), and politicians are rational office-seekers. Let this be a static model with a single election. Prior to the election, members of the party leadership of each party make a decision of whether to stay with the party, or secede, and form their own political party. The decision to secede may come as a consequence of intra-party conflict, to which a satisfactory solution has not been found, or it may come simply as an opportunistic move. The model is constructed in such a way, that it allows the possibility of secession at any time, however, secession is not costless. As a result, all party leaders have a strong incentive to come to common agreement of what policies the party as a whole should offer to the electorate in the upcoming election. When conflict occurs, as is inevitable given the collective action problem that exists within groups, there are two options or moves - to resolve, and contest the election as a single party, or to initiate a split and form an additional party.

Let us further assume that party leaders enjoy different levels of popularity (let us call it *electoral power*, p_e), both among fellow party officials, and among the party electorate, and that each leader knows his own power, but they do not know the power of the other leaders with certainty. In addition, the following information is a common knowledge among all - the number of political parties that are likely to contest given that no party splits occur prior to the election period. The cost of secession, c , is comprised of a base cost, c_b which is the same for every member of the leadership and related to the number of parties likely to contest, and a variable cost, c_v , which is a function of a leader's electoral power. The higher the electoral power of a particular leader is, the lower his/hers variable cost will be, as he/she can expect to gather the necessary electoral support to get elected under his/hers newly formed party, with a higher likelihood (that is, $c_i > c_h$, when $p_{e_h} > p_{e_i}$, where h and i are different members of the political leadership of a given party, and $c = f(c_b, c_v)$ is their cost function.

The choice function can then be constructed as follows. Leaders choose between secede, S , or not secede, \bar{S} . If they choose to secede and they get elected, their payoff function is a tradeoff between a reward, R , minus the costs associated with secession, c . If they choose to secede, but they do not get elected, they just suffer the costs of secession, c , plus the costs of 'lost office', $-a$. If they choose not to secede, they get a payoff of zero if they get elected (i.e.

they do not lose anything), and they incur the costs of ‘lost office’, $-a$, if their party does not get elected. In either case, whether a party is elected is determined by nature, with a ‘ p ’ probability of getting elected and ‘ $1-p$ ’ probability of not getting elected. The requirement of indifference implies that the payoffs should be equal, hence $S = \bar{S}$. The resulting equation is: $p*(0) + (1-p)*(-a) = p*(R-c) + (1-p)*(c-a)$. Solving the equation gives the following result. In equilibrium, i.e. when there is no difference in the payoffs between seceding and not seceding, $R = \frac{c*(2p-1)}{p}$. Therefore, rational members of the party leadership will choose to secede and form their own party if, and only if, $R \geq c*(2-\frac{1}{p})$.

What this suggests in short, is that while politicians have a common interest in getting elected, their ideas of how to achieve this goal are conflicting. As a result, politicians who enjoy more popularity, are more likely to initiate party splits. This is because by design neither popular, nor non-popular leaders have power over the probability of being elected, while their electoral power, p_e , determines how high their costs will be. All else equal, a leader with higher electoral power can reap a larger reward (due to the smaller costs he/she will incur) than a leader with lower electoral power⁴. In addition to that, lower base costs (c_b), may increase the likelihood of party splits, and thus increase the number of political contestants. For example, as the theory of political learning suggests, when it is very cheap to set up a new party, there is no incentive not to. Hence, if political parties are publicly funded, it can be expected that this would encourage more party splits, and therefore increase the overall number of political parties contesting elections.

In a more complicated model, one can include the overall number of political parties, N , and incorporate it in the model. N is likely to affect the model dynamics on two levels - first, it will affect the probability of getting elected, second, it can affect the reward, R . The logic of a ‘political market’ and the related idea of diminishing marginal returns, suggest that as the number of political parties contesting an election increases, the chance of electoral

⁴This can be easily illustrated through comparative statics. Consider first that ‘ p ’, the probability of getting elected, is high, say close to 100%. When p is almost 1, the fraction $1/p \approx 1$, hence $c*(2-\frac{1}{p}) \simeq c$. Now consider the possibility that the chance for getting elected is pretty slim, i.e. close to 0%. In this case, p is almost 0, and the fraction $1/p \approx \infty$. This makes $c*(2-\frac{1}{p}) \approx c*(-\infty)$ and since the cost is generally understood as a negative, what this returns is a very large positive number. Substantively, this means that in the case where the probability of being elected is high, the reward, R needs to be just as good as the cost of contesting, while in the case where the probability of being elected is slim, R needs to be extremely large, since the cost has been increased by the low probability of success.

success of each additional party diminishes. Hence, even for political leaders who enjoy a larger electoral power than their co-party-leaders, it might be more efficient to find ways to solve inner-party conflicts, rather than resort to party-splits as a way out. The current model assumes the reward R to be universal for all potential contesters, however, once the total number of political parties is incorporated, the reward can be viewed not only as whether or not a party has electoral success, but whether it will have legislative success, i.e. how effective it will be once in office, might affect a party leadership member in his/her decision of whether or not to secede. Further complications of the model can include a temporal component allowing for updated information to be used when choosing between contesting as a single party or seceding and forming a new one.

The main contribution of the model is to show that the decision to split depends highly on the cost of running, and on the probability of getting elected, hence it depends on the conditions that the electoral race provides. The model suggests that in a one-shot game, the equilibrium solution is that in the event of inner-party conflict which cannot be otherwise resolved, party leadership's members may decide to secede and form their own party, either when they enjoy a high electoral power, or when the costs of forming a new party are very low.

2.3.2 Party Mergers

The previous section discussed how a change in the number of parties can occur as a result of party-splits. Another common cause for a change in the number of parties is when existing parties merge and form a single political party or coalition. When mergers occur, the overall number of political parties decreases from period t to period $t+1$, and this overall drop in the number of political parties, also decreases the variance between the existing number of parties and the TENP, therefore $N_{t+1} < N_t$ and the gap between N and N^* becomes smaller.

Given that party mergers decrease the number of parties and thus consolidate the system and bring it closer to the TENP, encouraging party mergers can be effective for achieving higher party system convergence. Similarly to party-splits, party-mergers are a more common phenomenon in transitional democracies due to the fact that these party systems are still

developing. Yet, they occur more frequently in some transition democracies than they do in others. Kaminski's (2006) account of the changes in political identities in Poland between 1989 and 2001, notes that altogether nineteen mergers took place during that period, while fewer mergers are seen in other countries. One might be curious then when are party-mergers likely to occur?

Few studies exist that deal with this question. Some of them (Doerschler and Banaszak 2007; Hopper 2001) discuss party merger as a default result from radical political changes - in particular, they look at the merger of the parties from the East German bloc with the West German political parties, and the transformation of the former East German Communist party after the regime change; others (Belanger and Godbout 2004; Bonilla 2004; Godbout and Belanger 2005) take a more theoretical approach to the matter, and identify conditions for when party mergers will occur. All of the latter works base their analysis on a vote-maximization as the primary goal for parties, and thus consider economic resources available for campaigning, and the change of the 'new' party ideological position, as the main determinants influencing a party's decision to merge with another party. However, these models do not discuss the electoral system, and the incentives different electoral characteristics produce. As a result, although getting elected is the commonly considered the premise for electoral competition, concentrating the analysis solely on vote-maximization misses the point. I would rather argue, that the issue at stake in parliamentary systems when considering the possibility of party-merger, is whether such a move corresponds to a higher reward. Yet, as in the party-splitting analysis, we need to consider all costs. If it is not expensive to run for office alone, then a party will only consider merging if this increases its reward (an increase of the reward can be either more cabinet positions, for parties which enjoy a sizeable electoral support alone, or being elected, for smaller parties which cannot cross the electoral threshold alone).

To illustrate the logic of the above argument, consider the following game. Imagine a democracy with N number of parties. Party A and party B both have a large enough electoral support to know that they can secure getting into parliament on their own. An opportunity exists, such that party A and party B join forces and form a new party as a result of merging. The decision of whether to merge or not that each party has to make, is

based on a utility-maximization calculus, which I argue depends on the likelihood of forming a cabinet, and the number of cabinet positions each party can expect, for parties that can pass the threshold on their own, and the likelihood of getting into parliament for parties that don't, respectively. Unlike the previous game, where individual members of the party leadership had private knowledge about their *electoral power*, here political parties know the ideological positions and the electoral support of the other party. Party A and party B will then merge, if the following conditions are met: 1) neither party will forgo a possibility of joining another cabinet by taking part in the current merger, or, neither party will forgo a possibility of getting the same expected number of votes by merging with another party; 2) by joining forces, the two parties have a chance of receiving the highest electoral support among its contestants, and have a feasible chance of securing a coalition partner in the case that their majority of votes is not a pure majority and requires another partner for the formation of cabinet; 3) parties are close on the ideological spectrum (also in Bonilla 2004) and can increase their electoral and parliamentary power by joining forces.

The first condition states that if a political party has a possibility of becoming a cabinet member under an alternative majority, it will turn any offers for party-merging down. This can be illustrated easily: imagine a horizontal line depicting the ideological spectrum with party A and party B located on the right side of the median voter, and party C located just left-of-center. Condition 1 therefore states, that party A will turn a merger offer by party B down, if it foresees that party C is likely to get a majority of the votes, but it will still need a coalition partner to form a government, in which case party A will likely take that role. In other words, if the opportunity of becoming party C's post-election coalition partner is greater than the likelihood that a merger between party A and party B will beat party C's electoral share, party A will turn such a merger offer down.

The second condition, somewhat similarly to the first, most generally states that party A will not take up a merger with party B, unless, the likelihood that the newly formed party will win a pure majority is high, or that, if it receives a majority but still needs an additional coalition partner to garner up $50\% + 1$, such potential partner exists, and can be convinced into joining. Here again, the calculation on merging or not is based on a comparison between the potential benefits of a merger, and the forgone opportunities if it is accepted. Furthering

the analysis, leads to asking what types of parties are likely to engage in merger talks, or rather what types of parties are likely to have the upper hand, i.e. to be making the decision of whether to accept or reject a merger offer?

Given a scheme of multiparty electoral competition, where parties are scattered along the ideological spectrum, however, a median voter position exists, and parties can be characterized by ideological position and by size, we could think of two possible scenarios for merger talks: large party - small party, or small party- small party. The first scenario depicts a situation in which a large party tries to secure a potential majority before the election, the second scenario depicts a situation in which two small parties engage in merger talks in the face of the possibility of extinguishment if staying alone. In either case, it seems that smaller parties have the deciding power.

Does it matter where parties are located? Yes, it does. As stated by the final condition for a party-merger, in order for party A and party B to successfully form a merger, they have to be ideologically close to each other. Failure of this condition will produce more costs than benefits to each side, hence, a potential merger by non-ideologically-close parties is ruled out. Considering the size and ideological position together, suggests that in the pursuit of more cabinet positions, smaller and more centrally located parties, are less likely to take part in mergers prior to an electoral race than their counterparts. This is primarily due to the fact that their size and position provides them with alternative opportunities (they are more likely to be sought after for coalition cabinet if the winning party lacks majority), which in turn increases the expected benefit needed for them to accept a merger offer before the race has started.

The contribution of this analysis is to once again bring attention to the importance of examining changes in the party system over time. When the number of political parties in a given electoral unit comes closer to the *TENP* over time, while everything else stays constant, and approaching the *TENP* is due to party mergers, we can claim that learning is taking place.

2.3.3 New Parties and Party Dissolution

The two other important ways in which the number of parties changes and can get closer to or further away from the TENP, are new party formation (or the lack thereof once systems consolidate), or party dissolution. Changes in the number of parties due to new party formation or party dissolution occur both in transition (Biezen 2005; Kaminski 2006; Moser 1999; Tavits 2006; Zielinski 2002), and in established democracies (Aldrich 1995; Krouwel and Lucardie 2008). However, as pointed out earlier in the chapter, extant accounts of party formation do not consider the effects of democratic maturity and political learning on the party system.

When do new parties form? Several different answers to this question exist, and almost all of them include a rational cost-benefit analysis of some sort. Among the most convincing and theoretically elaborated analysis developed recently, is Aldrich's work on the subject. According to him, as discussed in chapter 1, political parties are institutions which emerge to solve problems that other political entities leave unsolved. Yet, even political parties that form as a result of a party-split or party-merger, form as an institutional entity which aims to solve a problem that the existing parties do not solve. What then distinguishes new party formation from party formation as a result of a split or a merger? The answer to this question is more definitional than anything else. Here, a new party is defined as a political party established in the current period, by a political entrepreneur who is either new to the political scene (i.e. has not been active in the electoral arena up until the formation of the new party), or has been a member of an existing party but branched off by forming a new party on a completely new cleavage. The formation of a party will also be considered a 'new party' if its founder was not part of the previous party leadership, but just a regular party member who saw an opportunity).

Based on rational expectations, decisions for the formation of a new party entail a cost-benefit analysis. As in all previously discussed cases of party system change, whether a new party forms or not will depend on the knowledge of the payoff structure of electoral constraints in place, the cost of establishing a party, and the opportunity costs that exist as alternatives to party formation.

We can therefore expect more new parties to form when it is relatively inexpensive to do so, as has often been the case in the first years during the transition in younger democracies. Furthermore, when taking opportunity costs of forming a political party and running for office in mind, we can expect to see higher number of new party formation in societies where there are fewer equally good career opportunities. As time passes and democracies mature, the number of political parties can be expected to decrease naturally, as there are less incentives for new party formation. Fewer cases of party formation would confirm that over time elite members acquire knowledge about how the electoral game works, and make their choices accordingly.

The final way in which the number of parties can change, is if political parties dissolve. Similarly to all previous cases, in a rational framework party dissolution can be thought of being a result of a cost-benefit calculation. Over time, the calculation involves an updated knowledge of the way the electoral game works, and the cost and benefit incurred by running for office. When parties leave the electoral arena, the overall number of elective political parties decreases, which suggests that as a result it would also get closer to the TENP. Therefore, as more parties withdraw from one election to the next, we can say that this attests that political elite members are learning.

2.4 CONCLUSION

In the attempt to explain the large variation in the amount of political parties between developed and developing democracies, in this chapter I theoretically explore what determines change in the number of political parties that contest national elections. Particularly, I am interested in what brings them closer to the theoretically expected number of parties - the (TENP).

I propose that the number of political parties is not solely determined by the ethnic heterogeneity and the magnitude of the district as we have largely believed so far, but rather it is a consequence of a learning process in which with time and repetitive experience with the electoral process and the institutions that govern the competition, elite members learn

the effects of district and nationally imposed constraints, which in turn shape their choices and ensuing behavior, and thus affect the number of parties. Age of democracy, or time, is presented as a key determinant affecting the learning process for two reasons. First, the empirical world teaches us that rationally derived outcomes which we expect in our models rarely exist in reality, therefore we can only speak of approaching them rather than assuming that they exist. Second, the framework of the competition environment often changes, which forces elites to update their information and actions accordingly. The institutional rules about the nature of the competition itself also have an important determinant role in the number of parties as they put additional pressure on elite members' choices about whether and how to compete due to directly affecting the costs potential competitors bear.

The underlining argument of the political learning thesis is that as elites acquire knowledge about the payoffs and constraints of the electoral competition, based on a rational framework of analysis, we would expect the actual number of parties to move closer to the TENP, or put simpler, we would expect more learning to result in less parties. The political learning analysis gives us a way to measure, and compare, the learning progress in different electoral units. It does that using the theoretically expected number of parties as a basis to which it compares the current party system development at different points in time. The resulting statistic, called party system convergence index, shows how close the actual and the predicted number of parties are. Changes in the number of political parties result in a higher or lower level of party system convergence.

The chapter also discusses how party system change comes about, by looking at the micro-mechanisms behind party leaders' choices. I identify four scenarios under which the number of political parties can change - party-splits, party-mergers, new party formation, and party withdrawal - and examine the equilibrium conditions for when they are likely to occur.

In chapter 3 I proceed with a discussion on the operationalization of political learning, and a large-N empirical test of the theory.

3.0 POLITICAL LEARNING IN WESTERN AND EASTERN EUROPE: A DISTRICT-LEVEL EMPIRICAL TEST

Citizens and politicians learn to act on well-understood self-interests in new democracies quite rapidly...With each additional round of competition, the actors gain a better understanding of their strategic options within a system of historical and institutional constraints that shape the range of permissible and potentially rewarding moves.

Kitschelt et al., *Post-Communist Party Systems* (1999:384)

Previous empirical work (Cox 1997; Lijphart 1990; Ordeshook and Shvetsova 1994; Benoit 2001, 2002) provides evidence that the number of political parties is a function of institutional and social factors, showing that the district magnitude and ethnic heterogeneity are positively correlated with the number of parties which emerge. While informative, these findings leave us short of being able to compare systems in a more substantive way, and of being able to easily translate the findings to more practical lessons for the engineering of party systems. Building on what has been found so far, I try to improve on these issues, both theoretically (see chapter 2), and empirically, with a large-N quantitative analysis presented here.

I address the issue of comparability through the *theoretically expected number of parties* (TENP). The TENP concept allows us to see how party systems differ in terms of their closeness to what is theoretically expected. This also allows us to address the issue of practicality, by giving us the opportunity to study the determinants of closeness to the TENP, something I refer to as party system convergence index (PSCI). The data presented in this chapter provides evidence that the new and established European democracies differ substantially in the number of political parties, and in the level of party system convergence that their elites exhibit. I argue that democratic maturity, or how old a democracy is, plays a key role in how far from the TENP a particular political unit is, expecting that the rate at

which party system convergence increases, is larger in developing democracies. The empirical results show that, on average, the effect of age of democracy on the level of party system convergence is 4 times larger in new democracies (see models 1 through 4). I also find that EU matters have quite a significant impact on party system convergence, as both during years of EU entry, and EP elections, the level of party system convergence decreases in all countries (refer to models 9-11). An important finding from the analysis, which provides a specific prescription for how party systems can be engineered, is the positive effect that the number of signatures required to form a party has on party system convergence. I find that more signatures lead to more convergence. For example, increasing the required signatures by 1000, increases the party system convergence index by 0.34 points on average. This result is quite informative given that the mean amount of signatures required within the sample is 1924, with a minimum of 0 and a maximum of 10000 for some countries. The finding is robust, as it holds true across all model specifications (see models 5, 8 and 11). Therefore, we learn that age of democracy is important for helping elites to come closer to the TENP, especially in new democracies, which are much farther away than their developed counterparts; that exogenous to the domestic electoral competition factors such as the participation in EU politics have an unsurprising negative short-term effect on party system convergence as they increases the immediate incentive for party creation; finally, we learn that the party system can be manipulated through institutional mechanics by requiring a certain amount of citizen signatures, or a large enough monetary deposit for political parties which want to compete in the national legislative elections.

The chapter proceeds as follows. In the next section I discuss the TENP and the operationalization of the dependent variable. In section 3.2 I talk about the sample and the operationalization of the independent variables. Section 3.3 includes the model specification, the hypotheses, and the methodology employed. Section 3.4 presents and discusses the results. Section 3.5 concludes.

3.1 THE TENP AND THE PARTY SYSTEM CONVERGENCE INDEX

As previously discussed, alternative explanations for the number of political parties go so far as to produce a lower and an upper bound of the number of parties we can expect. We have Duverger's (1954) lower bound of 2 or more political parties for proportional representation systems, and Cox's (1994, 1997) 'M+1' rule, which states that in a district of size M, we should not see more than M+1 number of political parties competing for seats. Both expectations are rooted in rational choice theory. Following this logic, one is bound to deem any district which does not 'fit' within the 2 and M+1 boundary, as having irrational players. I try to show that this conclusion is incorrect as the bounds are unspecific, by pointing out and offering alternatives to three existing problems with our current way of studying the number of parties - the exclusion of ethnic heterogeneity from our mathematical predictions, the lack of dynamic tests in the literature, and the common use of what many claim to be the wrong unit of analysis. I proceed by discussing each problem, and the alternative that I propose.

The first problem that exists is with the generality of the 'M+1' rule itself - as the literature shows, and Cox's later work confirms, ethnic heterogeneity also has an effect on the number of political parties which emerge - yet, we do not have a refined measure that is readily available to predict the number of parties we expect to see in theory. I attempt to do that with the TENP. The *theoretically expected number of parties* is a compound statistic measured as function of the district magnitude, implementing Cox's M+1 rule, and the ethnic heterogeneity in the particular district. The ethnic heterogeneity data which works using such data rely on is national level data, which is often related as the 'wrong' data to use, yet no one has collected district level data so far. I do that for my project by collecting data from national census surveys (details on the data collection, as well as a snapshot of the data are provided in the Appendix). I calculate district ethnic heterogeneity on the basis of Rae (1967)'s proportionality formula. Thus, ethnic heterogeneity is a continuous variable between 0 and 1, where 0 means 100% homogeneous, and 1 means 100% heterogeneous. In the data I have collected the maximum value for 'h' is 0.59 ¹. The formula to calculate the

¹I used the most recent census data for the respective country to calculate the heterogeneity index. An

statistic is $TENP = \frac{m+1}{2-h}$, where ‘m’ is the number of parliamentary seats at contention in a particular district, and ‘h’ is the district ethnic heterogeneity.

What does the TENP bring us that we haven’t had so far? Using the TENP we can differentiate between districts of different magnitude, but also between districts of different heterogeneity - this improves our ability to both frame, and study, districts in a comparative perspective, as it provides a more powerful tool for comparison (instead of comparing districts just by size, we can now compare them based on ethnic composition; thus, we can have districts of same magnitude but different heterogeneity, districts of same heterogeneity but different magnitude, or either magnitude or heterogeneity may change over time, and as a result providing in effect a new TENP for the particular district). To illustrate the usefulness of the TENP, consider the following example of two districts of size 13. The first has an ethnic heterogeneity index of 0.03 (very homogeneous), the second has ethnic heterogeneity of 0.57 (quite heterogeneous). Current theories will tell us that given the district size, we should expect somewhere between 2 and 14 political parties. This is a very broad range and it is not possible to examine which districts do better than others, or how they change over time (for additional elaboration see chapter 2). Using the TENP specification however, shows us that $TENP_1 = 7.10$, or approximately 7 parties, while $TENP_2 = 9.79$, or approximately 10 political parties. Therefore, despite the same district size, we can expect on average 3 more parties in the second district, in order to properly reflect the higher level of social diversity. These distinctions are important, especially when we want to study how far from the predicted equilibrium the observed number of parties is, and when we want to have a way to compare across time and space among districts. The ‘M+1’ rule, which Cox explicitly developed as an upper bound, becomes a unique case of the TENP - the case in which a district has 100% heterogeneity (when $h=1$, $TENP=M+1$), regardless of the size of the district. The other special case, where h is close or equal to zero (i.e. a district is almost 100% homogeneous) and we have a single member district (i.e. a district where $m=1$), produces a TENP close to or equal to 1 and an M+1 rule equal to 2. In this case then the TENP suggests the number of parties that can be feasibly elected in such a district, i.e. 1, while the M+1

assumption that ethnic composition does not change too much and/or very often was made in order to complete the dataset. For more details see the Appendix.

rule suggests the highest number of parties that we can expect given rational expectations. Thus, we can think of the TENP as the theoretically predicted number of parties that can be elected (taking into account the additional constraining effect of the heterogeneity of a given district), while the M+1 as the theoretically predicted highest number of parties that can apply.

In order to strengthen the case for the use of the TENP, I fit several OLS regression models with Cox's 'M+1' rule and with my TENP rule, to illustrate that the TENP accounts for the number of parties better (on average the coefficient for the TENP shows a 43% higher impact on the number of observed parties than the M+1). Given that the correlation between the 'M+1' and the TENP is nearly perfect (the actual value is 0.9892) since one is an attempt to refine the other, this suggests that the TENP is a more precise indicator for the study of the number of political parties. The results from the models are presented in Table 3.1. I start by running a simple model of the effect of district magnitude and ethnic heterogeneity on the number of political parties. This is a re-run of Cox's model which he uses in *Making Votes Count*, but on my data. The second model, called M+1 model, includes only magnitude as a predictor, but in the form of M+1, rather than just M. And the third model, called TENP model, includes again both magnitude and heterogeneity, but in the form of TENP, rather than on their own. The number of parties in the previous period is included as a control because it was part of Cox's initial specification, and I keep it to ease comparability amongst the models.²

In the last two columns of table we can see that the coefficients, the statistical significance, and the goodness of fit for both models are almost identical, with the exception of the coefficients for the effect of Cox's 'M+1' and my TENP. Both covariates show to have a positive effect on the number of parties, as expected, and both are significant at the highest level. The difference is in that one unit increase in the TENP, brings a larger increase in the number of parties. Given that both statistics contain district magnitude as a primary component, the difference that we see accounts for the important effect that social diversity plays on elite behavior as well. The important effect of ethnic heterogeneity on increasing

²If the number of parties for the previous period is left out of the specification, the only thing that changes is the R-squared, which drops, however, the significance of the other variables remains the same.

the number of parties has been noted by Cox himself in his study of the determinants of political parties in Japan (for more detail see Cox 1997, 216, table 11.4), but this has not been incorporated into our expected statistics yet. Before showing the difference between the M+1 and the TENP, I also fitted Cox's exact specification on my data (see column one), to show that the effects of magnitude and heterogeneity hold even when we extent the analysis to cross-national time-series data (as opposed to just national time-series data). Models two and three in table 1, include 'age of democracy' as a determinant of the number of parties as well. The reason for including age of democracy here is to establish a link of what has been done previously (Cox's model), how the new measure I develop compares (M+1 and TENP models), and what will be added to the analysis of parties (age of democracy). The variable behaves as predicted by theory and shows a negative and significant, albeit the small impact on the number of parties in these particular specifications.³ Its inclusion does not change the results for the factors used here, but it improves the overall fit of the models, and also links what has been previously done with what I will be doing later on in the chapter. Therefore, I chose to include it.

The second identified problem in the party systems literature is that it lacks a dynamic structure. All analysis of which I am aware of, study the determinants of the number of parties at a particular time, most often using district magnitude as a main explanatory, without incorporating any growth curves, which are seemingly called for by the nature of the subject. This is problematic first because district magnitudes do not change very often, and second because we have not thus far been able to anchor the development of a particular political unit over time, based on where we expect it ideally to be with our theoretical models (part of why this is the case is likely due to not having had a statistic with which to calculate where one unit is expected to be - something which we can now do using the TENP). To address this problem, I develop a dependent variable called *party system convergence*. Party system convergence is an index which is calculated as a ratio between the actual and the expected number of political parties in a particular district, subject to the specific electoral and social characteristics of the district. It is calculated by

³In different specifications, for instance ones without the number of parties in the previous period, the effect of age of democracy increases fourfold. Substantively, that says that 11-12 years of democracy will result in one less political party.

$$PSCI_{it} = 1 - |1 - \frac{RNP_{it}}{TENP_i}|,$$

where RNP_{it} is the raw number of parties⁴ in district i at time t and $TENP_i$ is the theoretically expected number of parties for district i . Party system convergence can thus take values from negative infinity (in theory, if the number of actual parties is infinitely larger than the number of expected parties) to 1, where 1 signifies that the number of observed and expected political parties is exactly the same. What this indicator shows is how far (from above or below) a district is from where we expect it to be theoretically. In effect, by constructing the PSCI as an absolute value of the ratio between actual and predicted number of parties we get the same index of party system convergence whether the actual number of parties is ‘n’ number more or less than the predicted, while when they are equal, the PSCI is 1. To illustrate that consider the following example - a district with a $TENP = 10$, and $RNP_t = 20_{t=1}, 12_{t=2}, 10_{t=3}$, or $8_{t=4}$, will take the following values of party system convergence: $0_{t=1}$, $0.8_{t=2}$, $1_{t=3}$, and $0.8_{t=4}$. Note that in the two instances where the actual number of parties was two away from the expected, at $t=2$ it was two parties more than expected, while at $t=4$ it was two parties less than expected, the statistic for party system convergence is the same. This is important, as it allows us to symmetrically trace the development of a district’s party system, in reference to where it is expected to be theoretically. Another important detail to note is that when the number of actual parties is more than twice the size of the theoretically expected parties, the party system convergence index becomes negative. Thus, in the above example, if $RNP_t = 30$, then the party system convergence index will take a value of -1, if $RNP_t = 40$, party system convergence drops even further to -2.

What the *party system convergence index* allows us to do is to compare how well district party systems do in relation to each other (for example, we can compare the party system convergence of districts with the same characteristics from different parts of a country, or from different countries), or how districts’ party systems perform across time (we can compare a district to itself over time, and see the direction and magnitude in which it progresses).

⁴As noted in chapter 2, the raw number of parties should not be conflated with the number of registered parties which is often much larger. An alternative way to examine the party system is to study the behavior of voters by looking at the effective number of parties. This will allow for conclusions on voters’ adaptation to the rules and the incentives of the electoral game. My primary focus here, however, is the behavior of the elite.

Some differences are quite telling. Figure 3.1 shows the variance in the average party system convergence among European democracies. Two trends can be easily identified from the picture - first, we see that the more developed democracies of Western Europe have, on average, a higher level of party system convergence index (the ratio between developed and developing democracies above the chart median, Estonia, is 6:2 respectively, while below the median it is 3:5)⁵. The fact that developed democracies have fewer political parties and thus higher system convergence, is also confirmed by the average number of parties (not shown) across the European states, where West European states tend to have 9 political parties on average, while East European democracies have 15 parties on average. Further, the maximum number of parties that contested in a West European electoral district is 29 (in Belgium, 1981), while 59 political parties were recorded contesting in the Bucuresti district in Romania in 2000.

The second trend that Figure 1 reveals is that none of the East European democracies have reached a positive level of party system convergence yet. The Czech Republic and Slovenia score much higher than the rest of the group, but their average party system convergence index is still in the negative range. The more interesting piece of information we can extract from the party system convergence index, is how do electoral districts, and countries overall, do over time. Does the level of party system convergence change, and do elite members learn to play the game as the theoretical argument in chapter 2 proposes? If there is change, what is the direction, and is there a difference in the magnitude of change among different units? I address these questions at greater detail in section 3.4 of this chapter, and in the case studies in chapters 4 and 5, however one can get a good overview of how the party system convergence index in the European states changes across time from Figure 2.⁶

⁵The poor performance of Italy and Spain is mostly due to outlying districts with smaller magnitudes. For example the Trentino Alto Adige, the Basilicata, and the Molise districts in Italy which have 2, 2, and 1 seats in parliament respectively, also have the lowest level of party system convergence, which means that too many of the existing parties contested elections in those districts. This can often be attributed to lower additional marginal costs for contesting in additional districts, and parties who already exist and compete in other districts, try out even in the smaller ones where there isn't room for more than a few contestants.

⁶The chart represents average levels of party system convergence for each country (across districts) for the last and second to last election in the country for which data were available. As a result of averaging some trends of positive (or negative) learning may remain unshown. An example is Italy, which fairs rather poorly compared to the rest of Europe; yet, between the 1994 and 1996 election elite knowledge shows a positive trend however, the data used for this chart consist of the last two elections, which are in 1996 and 2001 for Italy. Even with these limitations in mind, we can see that 11 out of 18 countries report a positive

Figure 2 shows the change in the average level of party system convergence (across all electoral districts for each country) during the last two elections for which data were available and collected. Comparing the level of party system convergence for the last two elections in each country, shows that 11 out of the 18 countries exhibit a positive change in party system convergence. This means that on average 61% of the cases register an increase in the PSCI over time.⁷

If we now look just at the East European cases, six out of nine or 67%, show positive change in their level of party system convergence, which is quite high especially considering that these are averaged statistics across multiple districts, and that they are for the last two available elections only. Out of the three countries which report a negative rather than positive change in party system convergence, the Czech Republic and Poland are the two most unexpected ones, since both of these countries rank highly on their level of party system convergence overall, and the Czech Republic also shows the highest average value of system convergence for its second-to-last election (it is closer to 1, the equilibrium, than any other East or West European country). The reason for this unexpected negative trend is most likely the re-districting of the country - six new electoral districts were added in 2002 (the last election for which data is analyzed here). As can be expected, new electoral districts provide new ground for competition, and are an incentive for new party formation. This, in turn, affects the level of party system convergence, as the overall number of parties is increased, and new parties might compete even in old districts, thus pulling a district away from its TENP. In addition to this, by adding new electoral districts, the magnitudes of already existing districts is inevitably lowered, which lowers the TENPs, and if parties

change in the level of elite political knowledge, and 6 out of the 9 East European countries are among them, which confirms the overarching hypothesis that politicians gain knowledge over time, and more specifically, that the amount and magnitude of change in elite knowledge is larger in the new democracies of Eastern Europe, than it is in their more established Western states.

⁷Slovakia was excluded from figures 3.1 and 3.2 because the country changed its electoral system from a multi-member electoral system with four electoral districts in 1994, to a single country-wide electoral district to encompass all 150 parliamentary seats, which makes the comparison between elections superfluous. In order to present a balanced set of East and West European countries, I chose not to show Germany, as it is the case with the most non-straightforward data, thus not as telling as the other countries (the district magnitude for Germany is given by landern, 16 larger provinces, while the electoral competition takes place at smaller districts within these provinces; in order to deal with this I have divided the district magnitude of each province by the number of districts in which elections for parliament took place). Even with this data specificity the German party system convergence index shows a positive trend for the two latest elections available.

do not instantly accommodate to the changes, which by assumption they cannot do, this increases the distance between the actual and the theoretically expected number of parties, and as a result, produces lower levels of party system convergence.

In Poland, an opposite re-districting took place. In 2001 the country decreased the number of its electoral districts from 52 to 41, thus increasing the magnitude in the ones that remained. This, as explained above, has two contrasting effects - at the district level, it creates an incentive for larger scale party competition (as M has increased), however, on average we do not expect to see many more parties nationally, mainly because the gerrymandering is not directly related to the contentious political issues at hand. In 2005 however, more new political parties than we expect contested the election, most likely due to the increased political opportunities and politicized issues created by the 2004 entry of Poland into the European Union. In his study of electoral and party systems in post-communist states, Moser (1999) argues that Poland provides the strongest evidence for adaptation to electoral incentives and learning over time - he studies Poland's elections up until 1997 in comparison with Hungary and Lithuania amongst others.

The Romanian case is the hardest to explain, as there were no major changes to which the negative trend can be attributed. Few studies of Romania's party system exist to date, therefore we lack a good explanation of what goes on there so far. One possible reason for the continuously increasing number of parties in Romania, is that entrepreneurs still perceive holding political office as a well-paid job opportunity, thus political parties continue to emerge. Another explanation is the low level of institutional safeguards created as gatekeepers of the party system space - such as monetary deposits, or number of signatures, required by political parties which wish to contest the national parliamentary elections.

The last problem which I mentioned at the beginning of the section, is that the majority of extant works on electoral and party systems use an incorrect unit of analysis. I try to change that by contributing the current study and the data collected for the analysis. Most academic work on the number of parties, with the notable exception of (Cox 1997), studies party systems at the national level, despite the fact that competition takes place at the electoral district level, and that it has been pointed out by the forefather of the study of party and electoral systems, Duverger (1954), that the correct unit of analysis for examining

the dynamics of party competition is the electoral district. Even though few scholars would argue against that, we continuously have studies done at the national level. The primary reason behind that is the common problem of lack of readily available data at the district level, and the abundance of national level datasets. Cox (1997) examines the Japanese party system between 1960-1990, but we do not have similar studies on other countries that I know of, nor do we have cross-country comparative studies or data available thus far. Here, I therefore embarked on the challenge to try to change this, not only by providing another analysis on the district level, complementing the work done by Cox (1997), but also to collect and examine comparative cross-national district level data, which can then be used by the rest of the academic community in the electoral and party systems subfield. Furthermore, the dataset which I provide consists of West and East European countries, and it encompasses all political parties that attempted election - thus, providing raw data for the respective party system and leaving the decision of the level of competitiveness at which to study the system at the discretion of the researcher. As result it improves on, and expands the regions and time periods, covered by existing district datasets (Caramani 2000, Morgenstern and Pothoff 2005, and the East European database at the University of Essex). My dataset also includes a district level ethnic heterogeneity index for all 20 countries in my dataset. Detailed explanation of the dataset and operationalization of the independent variables follows in the next section.

3.2 DATA & OPERATIONALIZATION OF INDEPENDENT VARIABLES

The data for this project consists of 20 European democracies, equally divided between the East and the West.⁸ I have collected data for elections taking place after the regime change in East European democracies, while for West European countries the majority of the data

⁸The countries and time periods covered by the dataset are: Austria (1986-2002), Belgium (1971-2003), Bulgaria (1991-2005), Croatia (2003-2007), Finland (1983-2003), Germany (1957-2002), Hungary (1990-1998), Ireland (1982-2002), Italy (1994-2001), Norway (1981-2005), Poland (1991-2005), Romania (1996-2004), the first two elections in Romania were excluded as the country was not ranked as ‘democratic’ by the standard used for all other states, Spain (1996-2004), Sweden (1994-2002), Switzerland (1971-2003), Czech Republic (1996-2002), Slovakia (1994-2002), Estonia (1992-1999), Lithuania (1992-2000), and Slovenia (1992-2008).

spans from 1980 to present, with the exception of Belgium and Switzerland which date back to the 1970s, and Germany which dates back to the late 1950s. By design, the data for Western Europe had to cover elections from 1980 onwards, but the respective institutions in these three countries provided me with data covering a longer period, and given the scarcity of data, I chose to include it.⁹

The data for the project is collected at the district level, with the number of political parties per electoral district, in a country-election, as the unit of analysis. There are 2899 observations in the dataset, of which 686 electoral districts, within 20 countries. Some countries, as I mention before, have undergone redistricting over the years, therefore districts have been carefully matched by name of the region, to ensure that district ‘x’ in country ‘Y’ in election year t is the same as district ‘x’ in country ‘Y’ in election year $t+1$, and election year $t-1$. For example, the Turnhout district in Belgium, which has been coded as district 3, disappears after 1991, as it then merged with the Mechelen district. A careful tracing of the developments of the electoral districts in each country was necessary, to make sure that districts which are compared over time correspond to each other.

To explain party system convergence I use the following independent variables - age of democracy, European Parliament elections, European Union entry, European Union accession, signatures, deposit, direct and indirect public funding, and GDP per capita purchasing power parity. The main independent variable, age of democracy or democratic maturity as I often refer to it, is a count variable which reflects the number of years a country is considered to have been democratic at a particular election year. The rationale behind using age of democracy as a determinant of party system convergence is that, as explained in the previous chapters, party systems are dynamic, and their development is subject to institutional and social constraints on the one hand (magnitude and heterogeneity), and getting accustomed to, and learning their effect on the other. Hence, I expect that time will have a

⁹Some might have a concern about the comparability of the data given that some countries are covered for longer periods of time than are others, however one needs to remember that the analysis here is carried out on three levels (with an hierarchical growth structure) - comparing the same districts over time, comparing different districts within countries over time, and comparing districts across countries over time. The nature of the method itself then safeguards against that, but to thoroughly eliminate any bias I include an interaction to separate the effect of the main covariates on older and newer democracies, and for further robustness check in addition to estimating the model with the full dataset, I also estimate it without the oldest democracies. The results do not change significantly (for more details see section 3.4).

positive effect on the level of party system convergence, and that this effect will be stronger in young democracies. I use the Polity democratic score to determine whether a country is democratic. The Polity democratic variable is scaled between 1 and 10, with 1 representing totally undemocratic, and 10 representing totally democratic. I code every country-election year in which the Polity score was greater or equal to 6, subsequently counting the number of years under democracy. For election years during which a country's Polity score is less than 6, age of democracy is coded 0, which in cases where the Polity score increases thereafter is taken to stand for the beginning of democracy, while if the Polity score remains under 6 at the next election, then the election is deemed to have taken place in a non-democratic setting and has been excluded from the analysis (such was the case with the 1990 and the 1992 elections in Romania, both of which along with the 1996 election had a Polity score under 6, which increased in the election taking place in 2000 - hence, the first two elections were dropped from the analysis, with the 1996 election being considered the first democratic election). Age of democracy varies between 0 and 155, with a mean of around 33 years (see Table 2 for summary statistics).

As the theory of political learning developed in the preceding chapter posits, I expect the level of party system convergence to be also affected by institutional constraints, such as the amount of signatures required to allow a party to compete for the national legislature, the amount of a monetary deposit required in order to contest, or whether the government provides public funding to political parties participating in the national parliamentary elections. I expect that higher hurdles to electoral competition will result in higher level of party system convergence. The reason for this expectation is that as it becomes harder and more costly for elite members to contest elections, some potential entrants will be deterred and thus fewer number of parties will compete. Therefore, when the required number of signatures or deposits that parties need to present increase, the number of parties that go to election is likely to decrease. At the same time, the expected effect of public funding runs in the opposite direction, in that I expect that if the amount of public funds for parties wishing to compete increases, this will encourage more parties and thus have an adverse effect on the level of party system convergence.

The coding of signatures and deposit is self-explanatory - the first variable accounts for

the number of signatures that a political party wishing to take part in a national election needs to collect, the second variable accounts for the monetary deposit which a political party needs to pay in order to compete in a national election. The amount of signatures required ranges from 0 to 10000, with an average of about 2000 signatures. I have cross-checked two sources - the ACE project at the Idea Institute (<http://aceproject.org/epic-en>), and the Inter-Parliamentary Union PARLINE database (<http://www.ipu.org/parline-e/parlinesearch.asp>) - to ensure the authenticity of the data. It should be noted however, that the data on signatures and deposit requirements was not readily available in a systematically comparable form, meaning that for some countries these institutional constraints are provided at the constituency level, for others at the national level. In addition, countries are covered in different time frames, and deposit requirements for example, are reported again at different levels (national or constituency), and in different currencies. The main reason behind these differences seems to be due to the data being collected individually for each country, either by different researchers, or by survey responses to questions of the sort “What are the registration requirements for political parties running for national elections (Chamber 1)? a. Signature requirement (specify requirement); b. Deposit requirement (specify amount),” which have been sent to experts in the particular countries.

In order to put together data that is consistent among countries and can therefore be easily compared, I adopted the following coding rules: if data for signatures and deposit requirements were available at the constituency level, I used them as they were, if they were provided at the national level, I divided that number by the number of constituencies.¹⁰ Finally, I converted all deposit amounts provided in local currency to euros.¹¹ The average number of signatures in my dataset is 1924, with districts ranging anywhere from 0 (Lithua-

¹⁰Some cases have a more complicated scheme, where in order for a political party to compete it has to provide X amount of signatures, from Y amount of constituencies, with no less than Z amount of signatures per constituency (Romania is an example here). In cases like these, I assumed the whole figure X to be the number of signatures required at the constituency level, since in order to compete in even one constituency, a party would have had to collect the entire amount of signatures asked for.

¹¹As with the signatures, the deposit scheme is different in different countries, which further complicates any attempt for comparison. Therefore, for countries which specify a deposit amount per constituency, I have taken that amount (in electoral systems designed like this, the competition of a political party in one constituency is independent from its competing in another), while for countries which specify an amount altogether, without specifying whether it is per constituency or not, I code it at the constituency level, again, with the logic that regardless of whether a political party competes at one or ten districts, it will still have to pay the same deposit (i.e. competition in one district is not independent of competition in another).

nia, Spain, Sweden) to 10000 (Czech Republic, Romania, Slovakia), and the average amount of deposit that parties need to make prior to electoral participation is 2412 euros, again with some countries not asking for a deposit (Belgium, Estonia, Hungary, Slovenia are a few examples), and others asking for more than 16000 (Slovakia). Public funding is divided into two categories - direct public funding (monetary support given to competing parties), and indirect public funding (such as free media access or similar). Direct public funding is coded 1 if funding was provided to parties based on current participation, and 0 based on previous participation. I expect that funding contingent on current performance will provide a stronger incentive for new party formation, than will funding on previous performance, thus I expect the level of party system convergence to go down when current public funding is available. Indirect public funding is straightforward. It equals 1 when available, and 0 otherwise. The data sources are again the ACE project and the IPU database.

The level of party system convergence is also expected to be a function of exogenous to the constraints of the national electoral competition factors, such as the participation in supranational affairs as EU politics. I expect the number of parties to increase around years with EU-related events, which will result in a negative impact on the level of party system convergence in these years. The idea behind this expectation is that there will be additional incentives for parties to compete both during years coinciding with European Parliament elections and years coinciding with EU entry or EU accession. As noted in chapter 2, EP elections are often considered second-order elections and are often used as trial elections by the opposition, as well as by smaller or more extreme parties, some of which have not participated in national legislative elections thus far but are likely to do so in the event that they contest EP elections. At the same time, during or around the years of EU entry and EU accession, the incentive for additional party formation comes from the fact that the EU opens new issues to compete upon.

European Parliament election is a dichotomous variable which takes the value of 1 if there was an EP election during the year of election for national parliament, or if an EP election preceded the national legislative election. That is, if an EP election took place during the year of the national legislative election or during the years before then, but after the previous national election, then the variable has a value of 1. If no EP election took

place since the last national election, or during the year of the current national election, the variable takes a value of 0. From the summary statistics table below, we see that EP elections took place about a quarter of the time. The next two variables, EU entry and EU accession, are again dichotomous variables which account for the timing of a country's entry or accession to the European Union. The variables are coded 1 if the year of EU entry or accession coincides with a national legislative election year, or if they do not coincide, I code the year of the first national election following membership, or association to the European Union. For all other election years the variables take a value of zero. The data for the EU-related variables come from various sources, but most can be found on the European Union server (<http://europa.eu/abc>).

The last independent variable called for by the theory of political learning, is GDP per capita purchasing power parity. I use GDPppp as a proxy for alternative job opportunities, in order to measure the effect of the possibility of other well-paid jobs on political entrepreneurship, which results in the formation of fewer political parties. The idea here, as mentioned before, is that in poorer countries holding political office can be seen as an attractive job opportunity, not well matched by other available options. I hypothesize that we are likely to see fewer political party formation where more other opportunities exist. GDP purchasing power parity is a proxy for wealth, and thus indirectly for the value of alternative job opportunities. The variable represents a national average and it is measured in US dollars. Data come from the IMF World Economic Outlook Database from October 2008 (<http://imf.org/external/pubs/ft/weo/2008/02/weodata/index.aspx>).

In the following section, I proceed with specifying the model and discussing the methodology I use. Before that however, I show the correlation among the variables to ensure that there are no issues with collinearity in the estimations (see Table 3 below for details) carried out in the next section.

Table 1: Predicting the number of political parties in European democracies

Dependent Variable: N of parties _{it}	<i>Cox's model</i>	<i>M+1 model</i>	<i>TENP model</i>
N of parties _{i,t-1}	0.80 (0.02)***	0.74 (0.02)***	0.74 (0.02)***
Magnitude	0.11 (0.04)**	—	—
Heterogeneity	6.02 (2.26)***	—	—
Magnitude*Heterogeneity	-0.45 (0.23)*	—	—
<i>M</i> + 1	—	0.09 (0.02)***	—
TENP	—	—	0.16 (0.03)***
Age of democracy	—	-0.02(0.002)***	-0.02(0.003)***
Constant	1.51 (0.45)***	3.26 (0.27)***	3.18 (0.27)***
Number of observations	1498	2041	2041
Adjusted R ²	0.6299	0.6346	0.6261

Note: N of parties_{it} is the number of parties contesting elections in district *i*, at time *t*. Magnitude is the number of electoral seats distributed per district. Heterogeneity is the ethnic heterogeneity index. Age of democracy is the ‘age’ of the democracy in the given election year, based on the Polity democratic score of the country in question. Unstandardized OLS regression coefficients are reported, with standard errors in parenthesis. *, **, *** denote statistical significance with 90, 95, or 99 or better % confidence, respectively.

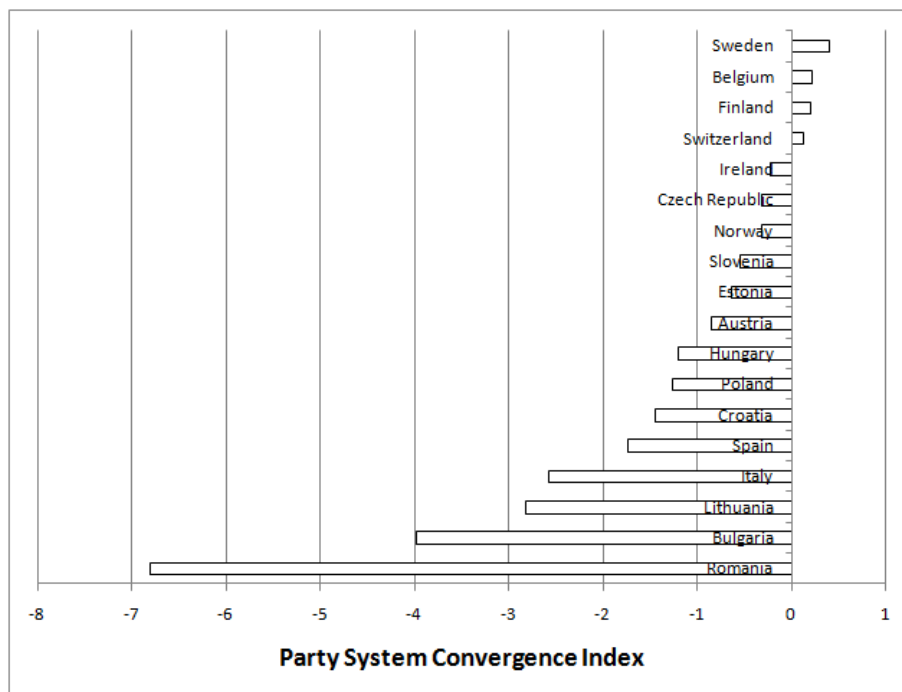


Figure 1: Level of Party System Convergence

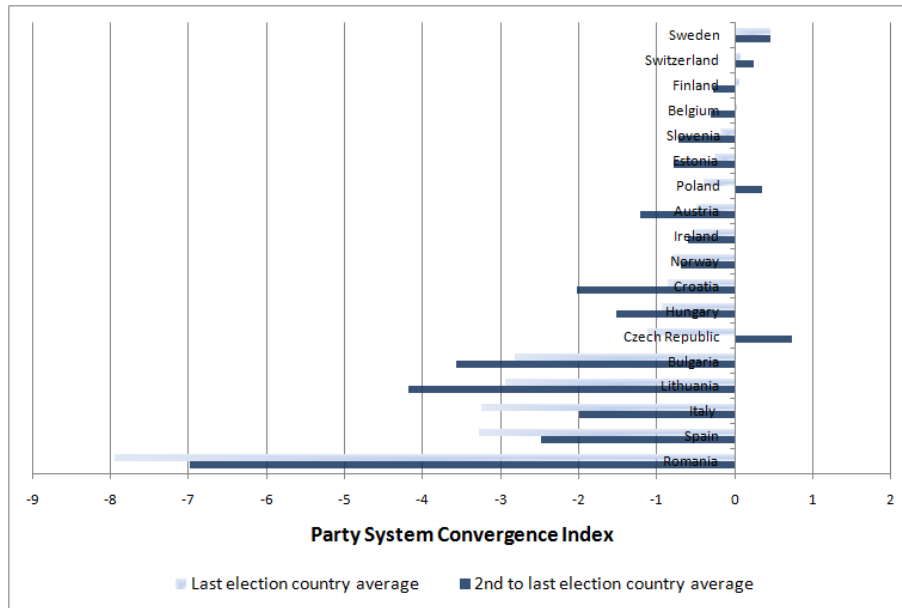


Figure 2: Do Politicians Learn Over Time?

Table 2: Summary Statistics

<i>Variable Name</i>	<i>Observations</i>	<i>Mean</i>	<i>Standard Deviation</i>	<i>Min</i>	<i>Max</i>
PSCI	2735	-1.800	2.286	-15.66	1
Age	2899	32.86	40.16	0	155
EP elections	2980	0.257	0.437	0	1
Entry	2899	0.035	0.184	0	1
Accession	2899	0.202	0.402	0	1
Signatures	2310	1924.048	3090.859	0	10000
Deposit	2596	2412.051	5540.07	0	16597
Direct	2362	0.597	0.491	0	1
Indirect	2596	0.824	0.381	0	1
GDPppp	2722	14223.28	8051.336	5166.15	47785.77
Transition democracy	2899	0.577	0.494	0	1

Table 3: Correlation Matrix

<i>Variable</i>	Age	EP	Entry	Access	Sign	Deposit	Direct	Indirect	GDP	Trans
Age	1.00									
EP	0.536	1.00								
Entry	0.142	0.358	1.00							
Accession	-0.261	-0.302	-0.108	1.00						
Signatures	-0.177	-0.241	0.022	0.065	1.00					
Deposit	-0.307	-0.288	-0.105	0.213	0.382	1.00				
Direct	-0.322	-0.091	-0.013	0.055	0.237	-0.168	1.00			
Indirect	-0.415	-0.186	-0.059	0.105	0.209	0.156	0.293	1.00		
GDPppp	0.791	0.569	0.103	-0.336	-0.036	-0.322	0.017	-0.277	1.00	
Trans	-0.887	-0.581	-0.043	0.294	0.192	0.349	0.181	0.280	-0.818	1.00

The correlation matrix shows that most of the independent variables are independent of each other, and therefore their regression coefficients would be reliable indicators of their individual effects on the dependent variable. The correlation between age of democracy and GDPppp stands out at 79%, which is a signal that if the two variables are included in a single estimation, their dependency on each other will contaminate the results. I therefore do not include age of democracy and GDPppp as predictors of political knowledge in the same model, but use the latter one as a robustness check for the former. The connection between the two variables is quite logical, as the gross domestic product of a country generally increases with time. Finally, the dummy variable for transition democracies, which I include in order to single out the effect of democratic maturity on party system convergence between developed and developing democracies, also shows a very high correlation with both age of democracy and GDPppp, which is to be expected given the design of the transition variable, and the link between age and GDPppp.

I proceed with section 3.3 where I discuss model specification and methodology. Following that, section 3.4 revisits the hypotheses and presents the statistical results, and Section 3.5 concludes.

3.3 MODEL SPECIFICATION AND METHODOLOGY

From the data statistics presented in Section 3.2, the heterogeneity in the variables, and especially in the variable I am trying to explain, is obvious. The level of party system convergence varies greatly among countries, from -6.8 to 0.40 (see Figure 1), and among electoral districts, from -15.66 to 1 (Table 2). This means that we are dealing with variation among districts between and within countries, in addition to the country unit variation which we would normally expect. Further, as Figure 3.2 showed, the level of party system convergence is subject to time, or age of democracy. Pooled cross-section time series models, often just referred to as panel models, are designed to deal with the temporal dependence of the outcome and the heterogeneity of the parameters unique to each unit explaining that outcome, whether these are factors that we know and can include in the estimation

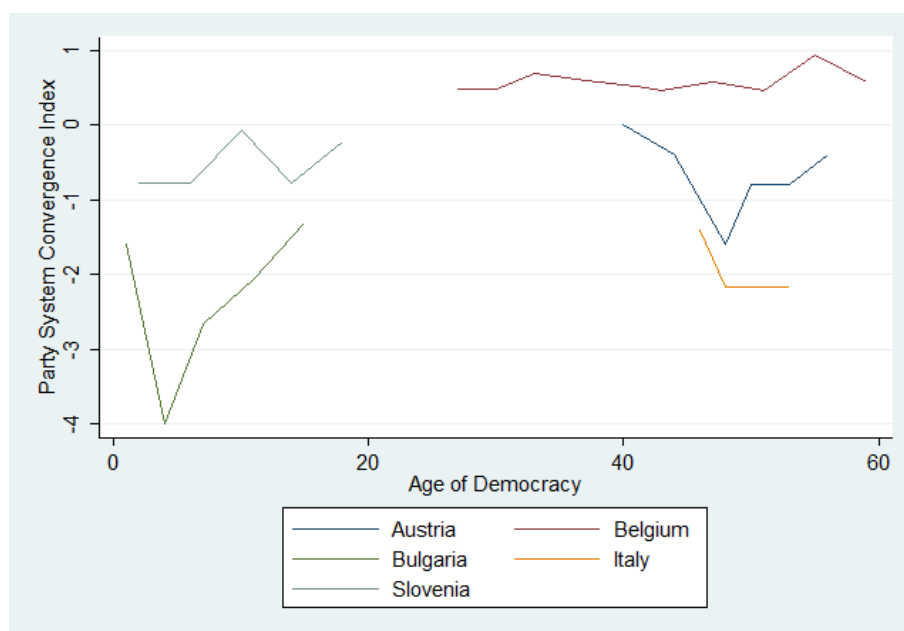
procedures, or they are unobserved factors we don't know about, yet we still want to control for.

The common models used to deal with temporal dependence and heterogeneity are fixed or random effects panel models, where a 'unit effect' captures the differences between units caused by unobserved variables that are stable over time. In this way the temporal dependence is modeled *through* the unobserved heterogeneity across units. The latter, however, is present at all waves of observation, leading to some correlation between the value of the dependent variable at time t , and subsequent values. Therefore, the unit effect can be thought of as necessary to model the fact that observations in longitudinal analysis are *not independent* over time. Two ways to handle this are adding an autocorrelated idiosyncratic disturbances ε_{it} estimator to fixed or random effects models, which in essence controls for the unobserved covariation that causes Y_t and Y_{t-1} to be related independently of the X variables in the model, or, using dynamic models with a lagged dependent variable, which put temporal dependence in the core of the model.

A third, and recently gaining popularity among political scientists ([Plutzer 2002](#); [Finkel et al. 2007](#)) way to deal with temporal dependence and unit-specific parameter heterogeneity, is the hierarchical growth model. This model takes Y to depend on *time* itself, thus Y is a function of *time*, not of Y_{t-1} or ε_t , being dependent on ε_{t-1} . The relationship between Y_t and Y_{t-1} is produced by the progression, or 'growth' (either positive or negative), of the unit through time. The goal of the analysis, is to estimate parameters that determine an individual unit's developmental trajectory over time, and then estimate the effects of independent variables on that trajectory.

To illustrate the need for employing a hierarchical growth model, I fit several OLS models (results, summarized, but not shown in a table-manner) which show the heterogeneity in the parameters, and the limitations in explaining this heterogeneity with a one-level model. The population (mean) intercept for party system convergence is -2.68, and the population (mean) slope for the effect of time (age of democracy) on the level of party system convergence is 0.03. This means that on average, the starting point for party system convergence is -2.68, and on average, every year of democracy increases the level of system convergence by 0.03. This is a rather grim result, as by its calculations, a country will need more than 120 years

to reach its equilibrium. The good news is that this result is quite uninformative because 1) it lumps all countries together, claiming that each one starts at the same spot, and 2) it claims that the rate of change is the same for each country. Fitting the same OLS regression model for several different countries exposes the problems with such approach. For example, country-specific estimations show that the starting points (intercepts) for the level of party system convergence for Austria, Belgium, Bulgaria, and Slovenia, are 0.59, 1.55, -4.60, -0.92, and the slopes of the time variable are -0.03, -0.03, 0.08, 0.04 respectively. We, therefore see how heterogeneous the effect of time is on party system convergence among countries, and it has to be considered as well that district-level convergence, and its respective growth curves, also vary within the same countries. The heterogeneity at the district-level is shown in Figure 3, where I have graphed the party system convergence growth trajectory of district 1 in 5 different countries.



Note: Figure created in Stata 9. The trajectories represent district 1 in the following countries: Slovenia (top left), Bulgaria (bottom left), Belgium (top right), Austria (middle right), Italy (bottom right).

Figure 3: Growth trajectories of party system convergence

It is obvious that different districts have a different starting point and a different growth rate, with the less developed democracies of Eastern Europe starting lower, and growing

faster, than the more developed West-European states. The conclusion then is, that we need a more complex statistical model which can account for the variation within and among countries, estimating the differences in where they start, and how they develop, as time passes.

The most customary hierarchical models are two level models, where we look at intra-unit growth (meaning the growth within our clusters of interest) and inter-unit differences, where we attempt to answer why units start at different levels of the variable we are interested in (in this case party system convergence), and why some units change more rapidly than others. There are higher level models, where the clusters themselves are nested in super-clusters, thus forming an n-level hierarchical structure. Here, I employ a three-level hierarchical growth model, with *time*, *district*, and *country*, corresponding respectively to level 1, level 2, and level 3. The present data consists of observations of electoral and party system data at different occasions (in different points in time), which are then grouped together by districts (i.e multiple occasions are associated with the same district), which are then grouped into countries (multiple districts are part of one country). Level 1 predictors display growth variance at the individual level over time, meaning that they account for the starting point and rate of change (growth) in ‘party system convergence’ for each electoral district over time. Level 2 predictors show cluster-level variance, and level 3 predictors account for the super-cluster differences. This means that we study characteristics both at the cluster-level (here the district level), and the super-cluster level (the country level), which we believe cause the intercepts and growth rates (slopes) to be higher or lower.¹²

I begin with the basic linear growth model, taking the following (level 1) form:

$$y_{ijk} = \pi_{0ik} + \pi_{1ik}a_k + \varepsilon_{ijk} \quad (3.1)$$

where a is the age of democracy for the particular observation point, and ε_{ijk} is a random error term for district i , country k , at time j . π_{0ik} and π_{1ik} are regression coefficients that represent individual district’s growth trajectory. We may therefore say that π_{1ik} signifies the *change* in y for a change of one year in time for individual district ik .

¹²When there are no specific characteristics which change over time at a given level, that level simply accounts for unobserved factors within clusters that have an effect on the intercept, and slope, for the particular cluster over time.

The second, and third, portions of the growth model attempt to explain why some districts (nested within countries), have higher or lower π coefficients. That is they seek to explain why some districts have higher or lower levels of party system convergence, and why some districts' level of party system convergence changes more rapidly than it does in others, based on level 2 and level 3 variables. In equation form, I estimate level 2 models as:

$$\pi_{0ik} = \beta_{00k} + \alpha_{0ik} \quad (3.2)$$

$$\pi_{1ik} = \beta_{10k} + \alpha_{1ik} \quad (3.3)$$

where β_{00k} is the average (fixed) population (here districts) starting point (intercept) for the growth trajectory, α_{0ik} is the residual of district i 's intercept from the predicted population average β_{00k} . Similarly, β_{10k} is the average population growth (slope) for the time trend, and α_{1ik} is the deviation of the district's growth trajectory from the predicted population mean.

Level 3, which analyzes districts nested in countries, is estimated by:

$$\beta_{00k} = \zeta_{000} + \zeta_{001}n_k + \delta_{00k} \quad (3.4)$$

$$\beta_{10k} = \zeta_{010} + \zeta_{011}n_k + \delta_{01k} \quad (3.5)$$

where ζ_{000} and ζ_{010} are the mean (fixed) population (here countries) starting points for the growth trajectory; ζ_{001} and ζ_{011} represent the average effect of whether a country is a transition country or not, n_k , on the district's predicted intercepts $\beta_{00k} - \beta_{10k}$; $\delta_{00k} - \delta_{01k}$ represent the deviations of the country's growth trajectories from the predicted population means.

What this means for the context of the current project, is that district-level specificities influence the magnitude of the intercept and slope of the effect of time on party system convergence, and this effect in itself is affected by country-level characteristics. The model of equations (3.1 - 3.5) thus represents a *hierarchy* of nested data, or, as it is otherwise called, it constitutes a *multilevel* model. It is also known as a 'mixed' model as it contains both "fixed" and "random" effects, where the fixed portion of the model presents average fixed predicted values for the entire population, i.e. every unit gets the same β , while the random part tells us the spread of the deviation from the average fixed values across the observed

population. Here, for example, I let the estimation of the age of democracy to ‘vary’, by including it both within the fixed and the random part of the model - thus, I am able to infer what the mean effect of age of democracy on party system convergence is, but also how much this effect deviates from the mean across the population. A neat benefit of the 3 levels which my data consists of, is that I can trace the effects of the independent variable in multiple forms - without constraints, constraining by district, or by country, or furthermore, constraining by both, which is the full hierarchical growth model. The following section contains the estimation results.

3.4 EMPIRICAL RESULTS

In the preceding section, I introduced the model, and the method I employ to estimate it. As was argued there, hierarchical growth model techniques are best suited for the types of nested data that I am dealing with here. The main hypothesis that I seek to test is about the different effect of democratic maturity (here operationalized through age of democracy) on party system convergence in developed and developing democracies, as well as its effect overall. I hypothesize that age of democracy will have a positive effect on level of party system convergence in new democracies and its effect will be stronger than in older, more established, democracies (H1). This means that I expect the impact of time to be larger, i.e. the growth rate to be steeper in new democracies, than in developed ones. Further, I expect that age of democracy will have a positive, but diminishing effect overall, i.e. when age is very high (H1a). I test these relationships in several different specifications with the effect of age of democracy being ‘fixed’, or adding a random effect, with its influence being studied on different levels (the country, the district, or both). The complex nature of the mixed model’s error term, causes the ordinary least squares assumptions, that errors are independent, normally distributed, and with constant variance, to be inherently violated, therefore the model is estimated via iterative maximum likelihood procedures, designed to deal with this problem in hierarchical linear models. The results follow in table 4.

Models 1 through 1b test the general, ‘fixed’, effect of age of democracy on party system

convergence at different level specifications. Model 1 shows the effect of age of democracy on party system convergence combining all three levels, while model 1a and model 1b, provide the effect of age of democracy in two-level models accounting for between country variance, and between district variance, respectively. The most interesting result that these different specifications provide, is the finding that democratic maturity positively affects the level of party system convergence at the district level (model 1b), as the theory of political learning predicts. At the same time, there is a large variation between-districts within the same countries (model 1a), and among different districts and different countries (model 1), as the effect of democratic maturity changes direction. What this means substantively, is that there is a lot of variance among districts within a single country, in addition to which there is large variance amongst different countries as well, hence the different sign, when both of these variances are incorporated into the model. The important piece of information here however, is the fact that at the district level, which is the unit of analysis and where party system convergence is measured, the effect of democratic maturity is indeed, positive and significant. The coefficient of 0.016 which is reported in column 4 above (model 1b), means that with one additional year of democracy, the level of party system convergence increases by 0.016. Given that the highest level of convergence attainable is equal to 1, and that anything above 0.5 reflects a high level of elite knowledge, this means that on average, a district which started out with party system convergence index equal to 0, will take 25 years to reach PSCI of 0.5. Further, when the same model is fitted only on developing democracies, the coefficient for age is 0.08 (results not shown); this means that party system convergence in developing democracies increases on average 4 times faster than it does in models where developed and developing democracies are studied together (the difference in the effect of age of democracy in young and mature democracies is demonstrated here in models 3 and higher). We should also bear in mind the fact that different districts start at different levels, and have different growth rates, therefore, some districts may reach this level faster than others. From the output of model 1b we see that the average estimated starting point for party system convergence for all 686 districts is -2.497, however, the standard deviation between districts is 1.718, and the standard deviation between occasions, within districts (same district at different points in time), is 1.206, which suggests that many districts have

lower, as well as higher, initial points of party system convergence.

In order to eliminate the contamination effect of some of the variance among different districts in different countries, I include a random slope of age of democracy, allowing districts in different countries to differ in their overall convergence rate. The log-likelihood increases by over 41 for one extra parameter, providing evidence that the random slopes are needed (compare model 1 and model 2). The estimated random slope standard deviation is 0.163, however, both the coefficient of age of democracy, and the intercept in the fixed part of the model, lose their significance, thus the result becomes inconclusive. To further refine the model, and account for as much of the variance in the data as possible, I include a transition dummy, which allows me to test for differences in the impact of age of democracy on the level of party system convergence at different stages in the democratic life of a country. Models 3 and 4 show the results of these estimations, differing only in the random portion of their specifications, model 3 allowing just a random intercept, model 4 allowing for random slopes as well. Both models we see that the effect of age of democracy on party system convergence in transition democracies is positive (0.04, 0.13, and 0.04 respectively), and statistically significant. The standard deviation of the learning slope (the coefficient for age of democracy in the random part of the model, model 4) is 0.199, which means that for transition countries the increase of party system convergence can be as high as 0.33 ($0.13+0.199$), leaving even more mature democracies which on average are negatively affected by age of democracy, with a small positive growth of 0.002 ($-0.197+0.199$) in certain cases. Here, we also see the overall fit of the models improve, attested by the increase of the log-likelihood statistic. Overall, the results presented in table 4 provide evidence that age of democracy has a positive and stronger effect on party system convergence in younger, transition democracies, confirming H1, and that further, it has a positive effect on the level of party system convergence at the district level. However, this result is not sustained once the country level variance is included, hence the evidence towards H1a is mixed, and inconclusive.

In addition to testing the pure effect of time on party system convergence, I also study the effect of country-level variables (both time-varying and time invariant) on the initial level of convergence, and on the convergence growth rate (positive or negative) in different districts, during the observed period. As section 3.2 explains, I expect that the level of

party system convergence will be affected by institutional factors endogenous to the national electoral race, such as the amount of signatures a party needs in order to compete, the amount of the monetary deposit due, and whether and how much public funding is available to political parties competing for the national legislature. I expect that when the requirement for signatures is high, this will be reflected in higher levels of party system convergence, as the number of parties will be reduced by design (H2). Similarly, I expect the effect of the monetary deposit to have a positive impact on party system convergence because as the dues for competing in an election increase, so will the level of party system convergence, again, as in H2, due to the constraining effect of this institution on the number of political parties which compete (H3). Public funding, however, is expected to have an opposite effect on the level of party system convergence - when public funding, direct or indirect, is available, I expect lower levels of system convergence because its availability will stimulate parties to compete and emerge (H4). Table 5 presents the estimation results.

[table 5 about here]

The results for the effect of domestic institutional factors show clear findings: the amount of signatures and deposit, which parties wishing to compete need to pay, have a significant and positive impact on the level of party system convergence, as they constrain party formation (H2 and H3 are confirmed), while the data shows that public funding, both direct and indirect, does not have a significant effect on party system convergence, consequently H4 is not confirmed. Interestingly, the required signatures prove to have the strongest and most consistent effect on party system convergence - the coefficient remains positive and significant, and even improves slightly, in different model specifications (see models 5 and 7 in table 5, and model 11 in table 6). The evidence suggests that increasing the amount of required signatures by 1000, increases party system convergence by at least 0.34. This is a powerful finding given that the mean signatures required across the data utilized here is 1924, with standard deviation of 3090, and a maximum value of 10000 signatures. Similarly, from model 6 we learn that increasing the deposit that parties need to pay prior to election by 1000 Euros (recall that all deposit amounts were standardized in Euros, so that they can be easily compared), increases party system convergence by 0.14. Again, putting that

into prospective, proves to be a significant finding as the mean required deposit amount is 2412 Euros, with some countries requiring as little as no deposit, while others asking for as much as over 16000 Euros. Models 8 and 9 show that when signatures and deposit are evaluated together, the latter loses its significance. This is not an unexpected result since fewer countries require monetary deposits than signatures from the political parties wishing to compete, yet a correlation test ruled out the possibility that the two variables are collinear. Public funding turns out to be insignificant in model 8, and although the standard errors decrease relative to the estimated coefficients in subsequent specifications (see models 9a and 10, table 6), their impact remains insignificant. This tells us that the public funding available to competitors is not substantial enough to cause major alteration in the number of competing parties, hence not affecting the level of party system convergence significantly.

The theory of political learning, stipulates that in addition to endogenous factors, party system convergence may also be affected by exogenous factors. Here, I explore the effect of political participation in supranational entities as the European Union on the level of party system convergence. Given the importance of the EU in European political affairs, and the fact that even countries such as Norway and Switzerland, who are currently not members of the Union, once considered membership, and even took steps toward applying, the effect of the EU dimension needs to be included in the examination of national political competition. To do that I include a set of EU variables, which as I argue in chapter 2 and the beginning of this chapter, could affect the level of party system convergence. The expectation is that in years when elections for the European Parliament are held, the level of party system convergence will be lower, because an EU-level competition produces additional incentives for party competition, and thus it is likely that the number of political parties in such years will rise. As a result we can expect that the short-term effect of EP elections, taking place in proximity with elections for national parliament, will have a negative effect on the level of party system convergence (H5). Likewise, I expect the party system convergence index to drop also at the time of EU entry, or at the time of EU accession (when countries first formally sign the beginning of the application process), due to the similar incentive for additional issues of competition, which can result in a temporary surge in the number of parties (H6, H7).

[table 6 about here]

The results presented in table 6 show evidence in support of all the EU-level hypotheses (H5-H7). In model 10, I test the effect of European Parliament elections alone, as it is the only one with recurring result among the EU factors. We see that in the event that there is a European Parliament election coinciding with the year of national elections, the level of party system convergence drops on average by 0.22 points. While the amount of the impact of EP elections changes slightly as we move through different model specifications, it remains negative and significant throughout. This proves the robustness of the finding, and confirms the ideas of previous scholarly work on party systems, which mentions that we are to see more, and more smaller parties, appear during EP elections [Hix and Marsh \(2007\)](#). Model 11, adds the effect of the date of EU entry to the model, and also proves to have a negative, and statistically significant, impact as predicted. In model 12, I include the date of EU accession, as well as all the institutional factors examined thus far. The results prove EU accession to have a very large and negative impact, which also contributes to the loss of statistical significance of the EU entry coefficient. This is logical when we think about the magnitude of the impact of the two events - since the official signing of beginning the process toward EU membership is the first, and most awaited step toward joining the Union, it is not surprising that when the two events are tested together, EU accession prevails over the actual entry.

Finally, I expect the opportunity cost for running in a parliamentary election to affect the level of party system convergence. As I argue earlier, I expect to see lower party system convergence in poorer countries, due to a high number of political parties, in part reflecting the lack of alternatives. Thus, I expect that as more well-paid job alternatives arise (proxied here through the level of GDP per capita purchasing power parity), the level of party system convergence will increase (H8). Recall that the logic here is that as nations develop economically, the inflated initial surge of political parties is likely to diminish.¹³ As I mention in section 3.2, GDPppp is highly correlated with age of democracy (despite the fact that

¹³This is not to say that I expect core political competitors to leave the electoral competitive arena, but rather that I expect the multitude of parties which we see in the beginning of the demolished by years of communism new democracies, to decrease significantly.

in some countries the indicator decreases over several years during the transition period), therefore I only use it for robustness check of the age of democracy models. Table 7 contains the results.

[table 7 about here]

The results for the effect of GDP per capita purchasing power parity show two interesting findings. First, contrary to my expectation, when we take the average overall effect of GDPppp on party system convergence it has a negative and significant impact with a coefficient of -0.000029. What this means is that when the per capita GDPppp increases by \$1000, the party system convergence index decreases on average by 0.029, or that people are slightly more inclined to engage in politics as they get richer. One explanation for this finding could be that as societies get richer, people have more at stake (they have more to lose), hence they are more inclined to want to enter the game for making the rules, and thus preserve their status. The second, and more pertinent to my analysis finding however, is the result we see in model 14, where I add a transition democracy dummy, similarly to the age of democracy models at the beginning of the section, and find that in transition democracies the level of party system convergence does indeed increase as the per capita GDPppp increases. The results show that \$1000 increase in the per capita GDPppp in developing democracies, increases the party system convergence index by 0.191 points. The latter result again confirms the main hypothesis that the effect of time, and here GDP which is highly correlated with time, has a positive and steeper effect in young democracies than it does in mature ones.

3.5 CONCLUSION

In this chapter I empirically test the theory of political learning developed in chapter 2. Most notably, I test the effect of age of democracy on the level of party system convergence, and show the different impact in both the starting point, and the growth trajectory, of system convergence between developed and developing democracies. To do that I use a hierarchical

growth model. My results show not only that developed and developing democracies start at very different levels of party system convergence, but also that young democracies tend to converge at a higher rate than mature democracies do. In addition, the models and data presented here, show the variation that exists among countries, but also among districts within the same country, as well as among the same district taken at different points in time. Some very useful findings are that institutional factors, such as signatures required from political parties wishing to compete for the national legislature, have a very strong constraining impact on the number of parties which in the end compete, while, contrary to our intuition, public funding produces no significant effect. These results are quite telling for political engineers, as they show what type of effect on the party system particular institutions have. Furthermore, the tests carried out here show that exogenous to the national electoral competition factors, such as the participation in EP elections, or the accession and entry in a supranational entity as the European Union, also have a strong impact on the domestic political arena, providing additional hints as to what can be expected when. Political engineers can then choose whether, when, and what tools to use if they want to control the direction of party system development.

My analysis and theory build on the extensive work done by Gary Cox, Lijphart, Ordeshook and Shvetsova, and Ken Benoit, to name a few, aiming to extend our understanding of the causes of party system change and, hopefully, equip us with better tools for comparison, and evaluation, of where party system development stands. I devote the next three chapters to in-depth case studies of several South-East European countries, in order to delve deeper into what stands behind the aggregate statistics shown here, by exploring their individual paths of party system development, both domestically, and domestically as influenced by external factors, such as the European Union.

Table 4: The Effect of Democratic Maturity on Party System Convergence

<i>Dependent Variable: PSCI</i>	<i>Model 1</i>	<i>Model 1a</i>	<i>Model 1b</i>	<i>Model 2</i>	<i>Model 3</i>	<i>Model 4</i>
Fixed part (<i>Level-1</i>)						
Age of Democracy	-0.025*** (0.003)	-0.027*** (0.004)	0.016*** (0.002)	-.0054 (0.038)	-0.026*** (0.004)	-0.197*** (0.049)
Age*Transition					0.066*** (0.008)	0.324*** (0.035)
Transition					0.777*** (0.218)	-4.659*** (0.548)
Democracy						
Constant	-0.589 (0.529)	-0.497 (0.545)	-2.497*** (0.084)	0.019 (0.712)	-1.164* (0.637)	2.376*** (0.574)
Random part						
(<i>Level-3, country</i>)						
Effect on (Level-1), Intercept	2.292 (0.376)	2.342 (0.389)		3.078 (0.508)	2.690* (0.439)	2.039*** (0.362)
Effect on (Level-1), Slope						
Age of Democracy				0.163 (0.029)		0.199*** (0.036)
(<i>Level-2, district</i>)						
Effect on (Level-1) , Intercept	0.952 (0.376)		1.718*** (0.057)	1.008 (0.035)	0.968* (0.037)	1.011*** (0.035)
Residual (Level-1)	1.165 (0.018)	1.501 (0.020)	1.206*** (0.019)	0.966 (0.015)	1.106* (0.017)	0.950*** (0.015)
Observations	2735	2735	2735	2735	2735	2735
N (countries)	20	20		20	20	20
N (districts)	686		686	686	686	686
Log-likelihood	-4771.850	-5045.341	-5124.031	-4430.514	-4666.183	-4393.313

Note: Unstandardized maximum-likelihood coefficients are reported, with standard errors in parenthesis. *, **, *** denote

statistical significance $p < .10$, $p < .05$, and $p < .01$, respectively.

Table 5: The Effect of Institutional Factors on Party System Convergence

<i>Dependent Variable: PSCI</i>	<i>Model 5</i>	<i>Model 6</i>	<i>Model 7</i>	<i>Model 8</i>
Fixed part				
Age of Democracy	-0.094** (0.040)	-0.134*** (0.046)	-0.097** (0.041)	-0.103** (0.044)
Age*Transition	.103* (0.056)	0.214*** (0.051)	0.110** (0.055)	0.111* (0.058)
Transition Democracy	0.499 (0.982)	-1.411 (0.883)	0.396 (0.962)	0.356 (1.026)
Signatures	0.00034*** (0.000)		0.00021 (0.000)	0.0003*** (0.000)
Deposit		0.00014*** (0.000)	0.00006 (0.000)	
Direct Pub Funding				1.127 (1.523)
Indirect Pub Funding				-0.334 (1.898)
Constant	-1.755* (0.939)	-0.173 (0.750)	-1.434 (0.952)	-2.084 (1.815)
Random part				
<i>(Level-3, country)</i> Effect on (Level-1), Intercept	3.117* (0.723)	2.039 (0.511)	2.936 (0.702)	3.021 (0.731)
Effect on (Level-1), Slope Age of Democracy	0.135** (0.036)	0.168*** (0.035)	0.135** (0.036)	0.139** (0.039)
<i>(Level-2, district)</i> Effect on (Level-1), Intercept	1.057* (0.040)	1.026 (0.036)	1.057 (0.039)	1.064 (0.041)
Residual (Level-1)	0.886* (0.017)	0.975 (0.017)	0.888 (0.017)	0.927 (0.019)
Number of observations	2146	2432	2146	1917
N (countries)	20	20	20	19
N (districts)	654	685	654	628
Log-likelihood	-3410.65	-3999.62	-3410.39	-3140.67

Note: Unstandardized maximum-likelihood coefficients are reported, with standard errors in parenthesis. *, **, *** denote statistical significance $p < .10$, $p < .05$, and $p < .01$, respectively.

Table 6: The Effect of EU Factors on Party System Convergence

<i>Dependent Variable: PSCI</i>	<i>Model 9</i>	<i>Model 9a</i>	<i>Model 10</i>	<i>Model 11</i>
Fixed part				
Age of Democracy	-0.194*** (0.049)	-0.111** (0.048)	-0.122** (0.049)	-0.098** (0.041)
Age*Transition	0.324*** (0.035)	0.176*** (0.054)	0.197*** (0.053)	0.043 (0.056)
Transition Democracy	-4.656*** (0.552)	-0.728 (0.961)	-1.101 (0.943)	1.527 (1.002)
Signatures				0.00027*** (0.000)
Deposit				
Direct Pub Funding		1.137 (1.160)	0.953 (1.099)	0.280 (1.817)
Indirect Pub Funding		0.803 (1.470)	0.476 (1.402)	0.584 (2.234)
EP elections	-0.220*** (0.078)	-0.362*** (0.099)	-0.220* (0.114)	-0.193** (0.100)
EU entry			-0.422** (0.173)	-0.165 (0.159)
EU accession				-1.007*** (0.058)
Constant	2.319*** (0.584)	-1.722 (1.504)	-1.074 (1.457)	-2.180 (2.093)
Random part				
<i>(Level-3, country)</i>				
Effect on (Level-1) Intercept	2.078*** (0.379)	2.217 (0.505)	2.082 (0.476)	3.657 (0.794)
Effect on (Level-1) Slope				
Age of Democracy	0.201*** (0.036)	0.162** (0.033)	0.166** (0.033)	0.124** (0.030)
<i>(Level-2, district)</i>				
Effect on (Level-1) Intercept	1.011*** (0.035)	1.033 (0.038)	1.033 (0.038)	1.102 (0.040)
Residual (Level-1)	0.950*** (0.015)	1.022 (0.018)	1.020 (0.018)	0.833 (0.017)
Number of observations	2726	2194	2194	1908
N (countries)	20	19	19	19
N (districts)	686	659	659	628
Log-likelihood	-4380.95	-3714.43	-3711.50	-2997.99

Note: Unstandardized maximum-likelihood coefficients are reported, with standard errors in parenthesis. *, **, *** denote statistical significance $p < .10$, $p < .05$, and $p < .01$, respectively.

Table 7: The Impact of GDPppp per capita on Party System Convergence

<i>Dependent Variable: PSCI</i>	<i>Model 13</i>	<i>Model 14</i>
Fixed part		
GDPppp	-0.000029*** (5.12e-06)	-0.0000357*** (4.83e-06)
GDPppp*Transition		0.00023*** (0.000)
Transition Democracy		-0.917*** (0.508)
Constant	-0.966** (0.435)	-1.599*** (0.508)
Random part		
(<i>Level-3, country</i>)		
Effect on (Level-1) Intercept	1.887** (0.304)	2.145*** (0.352)
(<i>Level-2, district</i>)		
Effect on (Level-1) Intercept	0.945** (0.039)	0.991*** (0.037)
Residual (Level-1)	1.20** (0.020)	1.062*** (0.017)
Number of observations	2562	2562
N (countries)	20	20
N (districts)	685	685
Log-likelihood	-4543.037	-4316.995

Note: Unstandardized maximum-likelihood coefficients are reported, with standard errors in parenthesis. *, **, *** denote statistical significance $p < .10$, $p < .05$, and $p < .01$, respectively.

4.0 POLITICAL LEARNING AND THE NUMBER OF PARTIES: THE CASE OF BULGARIA

...democratization is no easy process and [] it is particularly susceptible to the ups and downs of political fortune. [H]owever, parties, provide some kind of guarantee for the reasonable functioning of new democracies.

Geoffrey Pridham, *Party Formation in East-Central Europe* (1995:27)

How many political parties a given system has, and what determines the number of parties are important questions, but an even more interesting puzzle is posed when one asks why does the number of political parties change, and what accounts for this change. In the preceding chapters, I built and test a theory about party system convergence. The main argument is that politicians learn the constraining effects of electoral rules through experience, and therefore the number of political parties which contest elections come closer to the number of political parties predicted in theory as democracies mature. In addition to that, institutional rules constraining party formation also affect how many political parties enter an electoral race, and thus affect how close or far a given party system is from where it is theoretically predicted. I argue that party system convergence is a sign of political learning, and that as time passes party system convergence will increase, especially in young democracies. In Chapter 3 I show that age of democracy has a significant effect on the level of party system convergence, and that the converging growth rate is much larger in new democracies. In addition to age of democracy, I find that pre-electoral party formation and participation requirements, such as collecting a certain amount of signatures and making a monetary deposit in order to compete, are also positively related to party system convergence. At the same time, I find EU-related events, which disrupt the party system in the short-run by providing additional incentives for political competition, to have an adverse effect on the

level of party system convergence.

An interesting issue that the analysis in chapter 3 reveals, is that there is a substantial variation in the starting points, and the growth rates, of party system convergence among developed and developing democracies. We also see that variation exists among electoral districts within the same countries, since the results on growth coefficients have significant deviations from the reported means. Yet, a large-N statistical analysis is unable to show any particular country-specific trends, or explain why they exist. Therefore, I put the theory of political learning to further scrutiny with a case study of Bulgaria, and offer a detailed district-level analysis of the evolution of its party system in the post-communist period. Bulgaria is a good example because while it is at the bottom of the ladder of the level of party system convergence in comparison with other European democracies as shown in chapter 3, it also shows the highest growth in the party system convergence among the European countries, with the country's average level of convergence index increasing by nearly 4 points in the last 15 years. Bulgaria is also among the few East European countries which exhibit a continual upward trend in party system convergence through the years, and it provides country-specific proof for the expectations of the general model - party system convergence is positively affected by age of democracy, as well as by constraining the electoral participation institutional factors.

Earlier chapters note that the question of the number of parties and its determinants has been of central concern to political scientists since the late nineteenth century. From [Duverger \(1954\)](#)'s first contentions on the *mechanical* and *psychological* effects of electoral laws on the number of parties, to the most recent theoretical work of [Cox \(1990\)](#), [Cox and Niou \(1994\)](#), [Cox \(1997\)](#), [Cox \(1999\)](#) and subsequent works building on his research ([Ferrara and Herron 2005](#); [Benoit 2001](#); [Moser 1999](#)), scholars have been studying the strategic behavior of political elite and voters, or the lack thereof, in an attempt to look for ways to refine existing theory for the number of political parties (for a detailed review of the literature see chapter 1). A major assumption which works that study strategic behavior hold, is that players have full information and act according to rational expectations¹. While such a framework of analysis can be useful in explaining the number of parties in well-established democracies, whether

¹Rational behavior is defined as one that maximizes utility, and minimizes costs.

it explains newly democratic, or de-institutionalized ([Mainwaring 1998](#)) party systems, is questionable. In Chapter 1 and 2, I show that this is hardly the case, and emphasize the need to refresh our theories of the determinants of the number of parties, as well as to examine them at the proper unit. The theory of political learning uses a rationalist framework of analysis to examine and explain situations of seemingly irrational behavior, for example when the number of political parties that exists largely differs from what theory predicts, yet, it contends that politicians need time to learn the rules and payoffs of the electoral game, especially in new democracies. My model does not assume rational behavior *a priori*, but rather, I argue, that it is gained through experience with the constraints of electoral competition.

Why do party systems in the East European countries change so rapidly, and are still in somewhat of a flux? Many have alluded to the fact that the party systems of young democracies in Eastern Europe differ from those we see in the West, and that young democracies might not fit into the strategic behavior framework we often use (Cox 1997, 18). Thus far, however, we still lack a systematic analysis of the party systems' development in the new democracies of Eastern Europe, which looks at individual district data, and tries to explain what goes on in those countries that could account for the large number of political parties. The two conclusions that the literature offers at this point, are that parties need time and feedback from electoral participation experience in order to learn to respond to incentives and come close to consolidated party systems ([Kitschelt et al. 1999](#)), and that parties are less adaptable than presumed and there are internal factors within parties that are important for their consolidation without which, consolidation on the system-level is impossible ([Sharman and Phillips 2004](#)). I find both of these arguments to be true. However, Kitschelt's study does not go far enough to unpack the time and feedback component, and Sharman and Phillips concentrate more on inner-party dynamics, studying one political party in particular, as a result of which the focus of their study is inner-party elite relations, not inter-party electoral game dynamics, which are the interest here.

My attempt to at least partially fill that gap, begins with looking at the party system as a whole, following Duverger's renown idea that political elite members act in response to each other's behavior, and in anticipation of the *mechanical effect*. Applying the theory of

political learning to the case of Bulgaria, I discuss the relationship between the theoretically expected number of parties, the TENP, and the number of parties we see in practice, and show the value of the party system convergence index in allowing for a precise, quantified comparison of how electoral districts perform in relation to one another. I demonstrate that as time passes and democracies mature, the number of political parties diminishes to levels closer to the TENP, as the theory of political learning predicts. Lastly, I argue that country-specific institutional incentives affect, and to a large extent explain, the unexpectedly high number of parties we observe in some of the new democracies of Eastern Europe.

The data and findings presented here lead to the conclusion that old theories about political parties related mainly to district characteristics such as district magnitude and district ethnic heterogeneity, on which the theoretically expected number of parties used here is built, do not work all that well in explaining the actual number of parties. We see rather that learning, which involves gathering knowledge about the costs and payoffs of both district and nationally imposed constraints, seems to override the purely district-level characteristic analysis which we have mostly seen so far. Just as [Chhibber and Kollman \(2004\)](#) suggest that while single-member districts produce two party systems as argued by Duverger, but that these two parties are not necessarily the same across the nation, the theory of political learning suggests that while district-level characteristics take an important part in the formation of party systems they cannot be studied as sole determinants independent of the national institutions which guide and constrain the electoral process at the same time. The latter sometimes appear to even trump the former.

The chapter proceeds as follows. The next section justifies the case selection, and provides a general summary of the electoral law in Bulgaria after 1989. Section two discusses the overall picture of the development of the party system in Bulgaria during the period of interest. It leads to a more detailed examination of the number of political parties that contest elections in each district, the changes that occurred, and the relationship between the TENP and the raw number of parties within the districts across time. Section three provides additional evidence for the observed political learning in the Bulgarian party system gathered from expert interviews. The final section discusses the legislative parties in Bulgaria, and analytically links the legislative developments to the evolution of the party system as a whole.

The section concludes with a short summary of the findings.

4.1 WHY BULGARIA?

The choice of a Southeast European country to examine a theory, which attempts to fill the gap within extant theories on the number of parties, should not come as a surprise. As I note earlier, existing theories on the number of parties have been built primarily with established democracies in mind, which limits their ability to explain the party systems in developing democracies, or grasp the differences that exist between the two. Therefore, applying the theory of political learning to cases of the new democracies in Europe, seems to be the logical step. For those that might be in doubt, I provide several reasons that justify my choice.

A primary reason is that in theory, nothing makes Bulgaria a more or less special case than Italy or the Czech Republic, yet within two extant pools of research - the electoral and party systems research most of which concentrates on developed democracies, and the now growing post-communist region research - thus far, Bulgaria has been granted little attention by political, and other social science scholars. Moreover, as [Ganev \(2007\)](#) points out, in the research that Bulgaria does exist, it is either used amongst several cases that fit the model under study, or scholars have reached opposingly different conclusions about whether Western frameworks fit, or do not fit with the Bulgarian case, and how Bulgaria compares to the rest of Eastern Europe ([Dimitrov 2003](#); [Kitschelt et al. 1999](#); [Kostadinova 2002, 2003](#); [Rose and Munro 2003](#); [Spirova 2005](#)). Consequently, the choice to study Bulgaria and shed light on an under-explored and under-analyzed country, is a justification in itself.

In addition to that, two theoretical reasons justify the use of Bulgaria as a case. First, the developments of the Bulgarian party system show that the largely employed narrative about the determinants of the number of political parties, which assigns district magnitude as the primary factor of influence, and more recently, it also mentions the effect of ethnic heterogeneity, limits our understanding of party systems' change. Even if we consider Cox's M+1 rule, and not the more restrictive TENP developed here, Bulgaria's number of parties are two, three, sometimes, multiple times more than theory predicts, while such 'deviations'

in more established democracies are either non-existent, or they constitute of one to several additional parties than expected, not the ‘times more’ phenomenon which we observe in Bulgaria, and other young democracies of Eastern Europe. Further, the district magnitudes in Bulgaria, for the most part, have remained unchanged during the entire post-communist period, while the number of political parties, albeit still much larger than the predicted in theory, has exhibited a steady downward trend. Examining the case of Bulgaria then, helps us to sort out what other factors are relevant to determining the number of political parties, and their change over time, providing a more detailed analysis confirming the theoretical and empirical findings from chapters 2 and 3.

Finally, Bulgaria exhibits a very interesting case because we can see two different dynamics simultaneously at work. On one hand, we see a diminishing number of political parties that contest elections, which is commensurate with the party system convergence theory and elite members learning as democracy matures presented in chapter 2. At the same time, after the elections in 2001, we observe a fractionalization of the legislature. These two trends present a very interesting phenomenon - elite members are learning how to play the game, therefore candidates who have not been able to get elected, have either merged with other parties, or withdrawn from the electoral race, while at the same time new parties have formed, most often originating in the parties already elected to parliament. This latter development, albeit directionally opposite to the overall diminishing trend, arguably provides additional evidence that elite members are learning to respond rationally to the incentives and constraints they face. Here, we see elite members who have enough supporters to cross the established electoral threshold on their own, resorting to party-splits, as a solution to what looks like insoluble inner-party conflicts. While this undoubtedly affects the quality of governance, it also shows that elite members in new democracies adapt quickly to the costs and payoffs of the electoral system, and use it, perhaps prematurely, as a substitute to deeper institutionalization of the new parties, which can provide internal mechanisms for keeping a party intact. The fluctuating number of parties in parliament and the lack of permanent political presence suggests that in addition to learning the constraints of the electoral competition as such, elite members are also involved in learning about how to connect with voters - since it is the latter that actually puts parties in parliament. Although

the question of the relationship between elite and voters and its affect on who gets elected and who doesn't is outside of the scope of the current project, I discuss it briefly in the last section of the chapter, which focuses on the transformations of the constellation of parties in Bulgaria's parliament.

4.2 POLITICAL LEARNING AT THE DISTRICT LEVEL

After the fall of communism, Bulgaria became a parliamentary democracy, with a directly elected President, and a parliamentary appointed Prime Minister, who serves as the head of government. There have been seven legislative elections in total, however the election conducted in 1990 is not considered officially as democratic, since the parliament retained the structure of the legislature during the Communist regime, and the election was declared won by the Bulgarian Communist Party, which assumed the name Bulgarian Socialist Party after the change. The media, the rising opposition, and many international observers declared the election rigged, hence most analysis of Bulgarian post-communist politics consider the election held shortly after, in 1991, to be the first democratic election the country has had. I follow suit, and look at the elections taking place after 1991.

Since then, Bulgaria has held six parliamentary elections. Its legislature remained unicameral, but the number of parliamentary seats was changed from 400 during communism, to 240 thereafter. For the period between 1991 and 2005, the country retained its electoral structure - it is divided into 31 electoral multi-member districts, and proportional representation is used to determine the translation of votes into seats. The district magnitude varies per district based on its population (details are presented in table 9 which follows). Most recently, a controversy arose around a tactically proposed change to the electoral system by the then ruling center-left coalition, a few months before the 2009 parliamentary election was to take place. The Stanishev cabinet amended the electoral law to introduce an SMD component in the previously existing pure-PR electoral system. The 31 electoral districts were retained, however it was proposed that one seat in each district be allotted via majoritarian vote. Additionally, the proposed amendment asked for a raise of the electoral

threshold to coalitions from 4 to 8%. Other proposed changes include the increased amount of required signatures, and a larger monetary deposit which all parties wishing to compete in the election have to provide. The amendments to the electoral law were strongly criticized by the opposition, which brought the matter to the constitutional court.² With a decision from May 12, 2009 (just a week shy of the commencement of the official electoral campaign) the Constitutional court ruled out the increase of the electoral threshold from the amended electoral law, but allowed the election to take place with the adopted mixed-electoral system.

I proceed with a detailed analysis of the developments in the Bulgarian party system in the post-communist period.

4.2.1 Electoral Competition in Bulgaria - an overall view

A glance over the political competition in Bulgaria, reveals that the number of political parties has been steadily decreasing, and although still far from what is expected in theory, the party system exhibits a consolidating trend. Table 8 shows that the average number of political parties contesting elections in the period 1991-2009 was between 16 (2009) and 36 (1994) parties per electoral district. The number of political parties continually declines,

²The changes were considered controversial for a number of reasons. First, it is argued that there was no practical benefit to society with the proposed electoral system change. Second, the change was proposed, and passed, a few months before the election, when it has become obvious from pre-electoral polls and statements of the opposition parties, that rearrangements in the latter, and the growing support for the recently established party GERB, are likely to oust all currently ruling parties from power. Third, the proposed rules for who can become a candidate for the majoritarian seats, allowed two criminally charged persons, known as Brothers Galevi (who have been arrested for 5 months prior to the electoral law change on charges for organized crime and extortion) to leave the arrest on grounds that they have been given 'immunity' due to being candidates for national parliamentary seats. All that they had to do is submit at least 10000 signatures and 7500 euros deposit, which were the requirements for independent candidates by the new law. Another controversial issue for which Bulgarian authorities were reprimanded by the international community, was the so-called 'electoral tourism' phenomenon, which has been taking place in Bulgaria for several years, but was especially severe in 2009. In this 'exercise' people are driven by buses to vote in place that are not their place of residence, under the claim that they are on tourism, and thus have to vote away from home. The precedent, although clearly observed, remains unproven, but it has been largely linked to the DPS, the Turkish minority party which was a key, albeit its small size, player in the Stanishev government. Despite the maneuvers of the ruling cabinet the two criminals were not elected, and have been sent back to the arrest, and the phenomenon known as electoral tourism did not materialize, as both the DPS, and the BSP, former PM Stanishev's party, now have a minority opposition in parliament. While the intricacies of the Bulgarian political chess-mate are not the subject of the current study, they do pose a striking phenomenon and some generalizable conditions on the level of corruption, which notoriously distinguishes many developing democracies from more established ones, could possibly materialize, if a more systematic analysis of similar corruptive affairs, in Bulgaria and elsewhere, is performed.

attesting that the elite is becoming more aware of electoral and institutional constraints over time, and decisions about contesting elections are made accordingly. Table 8 also reports the average effective number of parties, which remains fairly steady and low throughout. Furthermore, given that the effective number of parties does not change substantially, while the raw number of parties decreases significantly between 1994 and 2009, this additionally attests that learning is taking place, and the parties which have the least electoral prospects disappear over time.

Table 8: Electoral Competition Overview

	RNP avrg.	RNP-TENP difference	ENP	M	H	TENP	Party System Convergence Index
1991	23	17.95	3.83	7.74	0.27	5.05	-2.92
1994	36	30.95	3.55	7.74	0.27	5.05	-5.84
1997	31	25.95	3.11	7.74	0.27	5.05	-4.73
2001	26	20.95	3.49	7.74	0.27	5.05	-3.57
2005	22	16.95	4.99	7.74	0.27	5.05	-2.82
2009	16	11.56	3.91	6.65	0.27	4.44	-2.08

Note: RNP stands for raw number of parties. ENP is the effective number of parties, or the number of parties weighted by their relative strength; it is calculated through $1/(\sum_i^n p_i^2)$, where p_i is the vote share of party i . M and H stand for district magnitude and ethnic heterogeneity respectively, and are reported at the average level. The TENP is calculated by $(m+1)/(2-h)$. The party system convergence index is calculated by $1-|1-RNPt/TENP|$ and equals 1 when the actual number of parties equals the *TENP*.

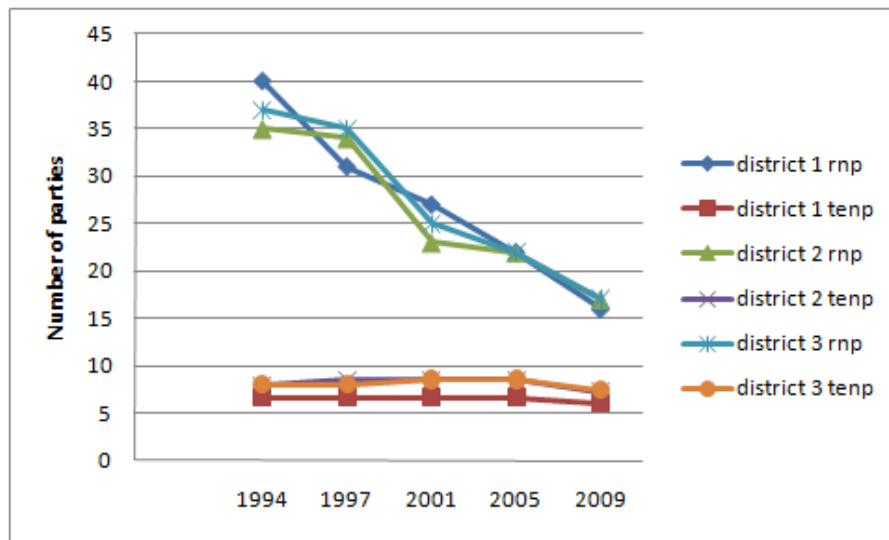
Source: Central Election Commission, Bulgaria; Author's calculations.

Confirmation that learning is taking place is also found in the fact that while district magnitude and ethnic heterogeneity have remained the same for almost all electoral districts during that time³, as a result of which the theoretically expected number of parties has also stayed the same⁴, the number of parties contesting elections has changed, thus affecting the level of party system convergence. Recall that the TENP is a function of district magnitude and district ethnic heterogeneity, and that the party system convergence index is a ratio between the predicted and the actual number of parties, which contest elections, in a given electoral district. Therefore, as noted in chapter 3, PSCI increases or decreases, based on whether the actual number of parties moves toward or away from the TENP, respectively.

³The magnitude has changed only by one seat taken or given in a couple of cities.

⁴The average TENP has been 5 political parties.

The closer the observed and the predicted number of parties are, the closer the party system convergence index is to one, which signifies that political elites have more knowledge about the electoral competition at that moment. Conversely, the farther the party system convergence index is from one (i.e. it is closer to zero, or is negative), signifies that political elites have less knowledge about the electoral competition at the time. When the party system convergence index increases from one electoral cycle to the next, we can say that there is political learning. When the party system convergence index decreases, this shows that elite members are not yet accustomed to the electoral competition environment, which can be expected especially if changes occur. Figure 4.1 shows the relationship between the actual and the predicted number of parties for three electoral districts over time (the districts are arbitrarily chosen and they are the first three districts in the country; the relationship they exhibit is representative of all 31 districts). The figure clearly depicts a converging trend by showing that the gap between the RNP and the TENP for all districts decreases in subsequent elections.



Note: The districts shown are arbitrarily chosen to avoid crowding (they are simply the first three districts). The trend is present in all 31 districts. Figure created in Excel.

Figure 4: Party System Change in 3 Bulgarian Districts

The convergence trend shown in figure 4.1 is also seen in the change in the PSCI index

over time, reported in table 8 ⁵. The party system convergence index for Bulgaria takes negative values, however after 1994 the PSCI increases with every consecutive election. In 2009, the average level of party system convergence registered for Bulgaria's electoral districts is -2.06, which is more than 50% improvement than the party system convergence level reported in 1994 (-5.84). This electoral development only slightly moves Bulgaria up in the comparative ladder of party system convergence (see figure 3.1), but in terms of growth in the party system convergence index, Bulgaria fairs much better than most other countries. One could view this statement critically, and claim that the larger growth in the party system convergence index in Bulgaria is due to the fact that it started from a bottom low. While true, the initial starting point does not undermine the fact that politicians are adapting to the incentives and constraints provided by the electoral game. Given the fact that no major changes to the electoral or social structure of the districts took place, the higher party system convergence levels signify that elite members are learning to be more efficient in the electoral game, and that smaller parties have either merged with larger ones, or they have withdrawn from the electoral race.⁶

Another interesting detail about the party system development in Bulgaria's districts is that there is an observable nationalization of the district party systems in the 2005 election. While during the four previous elections, the difference between the minimum and the maximum number of parties contesting in each district varies from 9 in 1997 to 21 in 1991, in 2005 nearly all political parties ran for office in all districts (see table 9 in next section for detail). This signifies that smaller and regional parties ceased to exist (either leaving altogether or merging with larger parties), and most parties contested nationally. Further, it tells us that factors beyond the characteristics of the district matter for the electoral competition.

⁵The 1991 election presents an exception to the increasing convergence trend as fewer parties contested the election, and thus the corresponding level of party system convergence for this election is higher. The higher level of convergence in the initial election can be explained with the fact that the election in 1991 was the first democratic election in the country, and political entrepreneurship was not 'awakened', and thus fewer political parties appeared for the electoral race, than did in next election. District specific data, which I present in the next subsection, confirms this to likely be the case. It attests that the only electoral districts with more than the average number of political parties in 1991, were the districts around the two major Bulgarian cities - Sofia and Plovdiv, and one could expect political activism to originate in larger urban centers before it starts to appear elsewhere as well.

⁶Even with the electoral change which occurred in 2009, most districts lost only one PR seat, yet, the number of parties that dropped out of the race was much more sizeable.

The theory of political learning claims that politicians learn through time, but they also learn as the institutional environment of the competition changes. Bulgaria is a good example of the effect that changes in the rules for competition, in addition to the effect of time, have on elite political behavior. According to the electoral law in Bulgaria although legislative seat competition is district-based, no party can receive seats in parliament unless they have secured 4 %, or more, of the national electoral vote. Thus, if a medium-sized regional party contests in 10 districts, where it receives between 2 and 12 % of the vote, it will not be able to grab seats even in the districts it had more than 4% of the vote, unless, it passed the 4% electoral threshold when votes are counted nationally. This specificity in the electoral law, can be said to stimulate a nationalizing effect for party competition. At the same time, however, this characteristic of the Bulgarian electoral law, as well as the electoral characteristics of different districts, have remained mostly the same for all parliamentary elections (few minor changes in the district magnitude have taken place). If the characteristics of the districts which constrain party competition have remained fairly the same, this leads to the conclusion that other institutional changes ought to be present to account for the homogeneity of party competition observed in 2005 and not before⁷.

The theory of political learning suggests that rules for party competition, such as signatures, deposits, and public funding, play an important role in shaping party competition in addition to the effect that time has on elites learning the constraining effects of the districts. The following section confirms this with a comprehensive analysis of the district-level party system developments in Bulgaria since 1994, and shows the effect that of nationally imposed electoral competition rules on the number of parties and their change.

4.2.2 Electoral Competition at the District Level

The previous section presented average district data, which brought up several interesting points. It showed that the level of party system convergence is rising, as the number of parties contesting elections continuously diminishes over time. I further discussed that the changing

⁷A bigger variation between the smallest and the largest number of parties who applied to the 2009 election was observed (there were between 14 and 18 parties contesting in different districts), but a nationalizing effect is still seen, as between 16 and 17 parties contested in most of the districts.

behavior of political elite members, as a result of which we see a change in the number of political parties, cannot be fully attributed to district magnitude or social composition changes, as such changes were negligible, if existing at all. One of the main explanations for the decrease in the number of parties which my theory offers is the age of democracy. The idea is that as democracy matures political elite learns the constraining effects of district magnitude and the composition of society through experience, and makes decisions on future participation accordingly. However, as the theory of political learning posits, and as the analysis in chapter 3 reveals, learning the constraining effects of magnitude and heterogeneity with time is not enough to explain the changes in the party system. Factors such as national regulations for party competition, play an important complementary role in influencing the development of district-level party systems. Here, I use party data for each electoral district to show the effects of time and changing institutional constraints on elite behavior and consequently on the level of party system convergence.

Tables 9 and 11 provide a detailed account of the electoral and social characteristics of Bulgaria's districts, the theoretically expected number of parties (TENP), the actual number of parties, and the party system convergence index for each particular district. It can be seen from the data that party system convergence steadily increases over time, for the majority of the electoral districts. This reflects the fact that the number of political parties contesting in each district has been steadily decreasing since 1994. Several interesting questions can be answered using the data in tables 9 and 11. One can study the process of party system convergence as a whole in the period between 1994 and 2009⁸, examine the rate of change between different elections, and look for explanations for why it differs.

We can see that the average increase in the party system convergence index during those four elections is 3.78, with a minimum of 2.1 increase in the Burgas electoral district, and a maximum of 6.93 in the Smolyan electoral district. The districts where the increase in party system convergence is above the average for the country, are all smaller cities, judging by their small district magnitude. Since the party system convergence index increases when the

⁸As argued previously, the 1991 election is left out due to taking place very early in the democratic period when political entrepreneurship was still a new and underdeveloped phenomenon. It should be noted however, that by 2009, when the most recent election took place, the level of party system convergence was higher than that in 1991 in all but two electoral districts.

actual number of parties moves toward the TENP, this signifies that the number of parties that left the electoral race was proportionally largest in the smaller electoral districts (the TENP is constant, thus the change in party system convergence can only be due to the change in the actual number of parties). This supports the political learning hypothesis that it takes time for elite members in new democracies to learn the effects of district magnitude. All districts, for which the party system convergence index increases with an above average rate, have magnitudes of 4 or 5, namely they are the districts with the lowest magnitudes in the country. This suggests that elites from smaller, or more regional parties, learn the wasting candidacy dynamic as democracy and their experience with it matures, and as a result, leave the electoral race. We can ask ourselves, why does the number of parties decrease incrementally and not altogether from the first or second time around, given that the electoral magnitudes have remained largely the same over the entire period? What does this tell us? I argue that there are several dynamics at play which can account for that. First, this supports the claim of the theory of political learning that the number of parties is not solely constrained by the electoral and social characteristics of the district. Second, parties change over time, and the parties that contested in 1994 may not necessarily be the same parties that contested in 2009. This is to say, that parties unlikely to do well may appear at any time, misjudging their chances, and still decide to run for office. Connected to that is my third point, which we also witness in other East European countries, and that is the virtually no cost for setting up a political party, and running for a parliamentary post. It was not until recently, when an electoral deposit from candidate parties became required by electoral law.

[tables 9 - 11 about here]

The point that the parties competing in different elections are not always the same, and despite that elites learn and some leave the electoral race, new ones continue to enter as a result of misjudgement of their electoral potential, is reiterated by the data presented in table 10. Table 10 contains district-level data of the effective number of parties which competed at each election and it averages between 3 and 4 parties. While the effective number of parties is a statistic largely taking into account the voters' behavior which is outside of the

scope of the current project focusing on elites, the data in table 10 reveals two things which are relevant here. First, we observe a fairly steady effective number of parties averaging between 3.5 and 4, which signifies that voters weave out many non-important parties albeit the existence of new comers who enter the electoral race to try their chances. Second, it emphasizes that elites are learning to be strategic and play by the rules - the fact that the homogeneity we observe in the raw number of parties does not exist in the effective number of parties, rules out the idea that district-particular characteristic do not matter; moreover, it points to the fact that while districts are very different, the link between voters and elites is lost - the data in tables 9 and 10 clearly show that the institutional framework for the electoral competition can override other incentives. One may wonder why is this the case? My rationale is that the reason for the missing link between voters and elites lies in the fact that it is still fairly easy to set up a party (with a low barrier of 1% for losing one's deposit) while being in the political game remains quite profitable - as a result, regardless of voters' signals elites may find elections an even bet to try.

Returning to the raw number of parties data, another interesting aspect that we can examine is how do the findings about the convergence progress of different districts compare to which districts were closest to the TENP in the last election period? The last column in table 11 shows the party system convergence index for the 2009 election. The average convergence level was -2.06. The districts which have above average level of party system convergence are districts of smaller cities (small district magnitudes), in addition to the four largest cities (large district magnitudes). Recall, that higher level of party system convergence means that the actual number of parties is closer to the predicted number of parties. In a case with many political parties like Bulgaria, this would mean that either parties left that electoral race, or they joined other parties. Therefore, it is not surprising that smaller and larger districts exhibit the highest levels of PSCI, as one would expect that losing politicians will first withdraw from smaller districts as their chance of getting elected in such districts is small, while at the same time it would make most sense for elites to re-group in larger cities where the probability of winning a seat is highest.

In order to examine the convergence further, I arbitrarily created a stricter than the average cut-off point (above -1.5), and looked for districts which qualify. The results show

that 13 electoral districts meet this criterion, 7 of which are districts in the 4 largest cities (Sofia, Plovdiv, Varna, Burgas), and 6 in medium-sized cities (such as Blagoevgrad and Stara Zagora). The district with highest level of party system convergence is Varna, with a -0.29, close after that is Burgas with -0.34, and Sofia 1 with -0.88. This suggests that most of the re-grouping between the last two elections took place in the large urban centers of the country, which is not surprising given the nationalization effect I discuss next.

In the previous section, I brought the reader's attention to an observable nationalization effect of the electoral competition in Bulgaria, which was especially apparent in the 2005 election. Recall that during that election there were 22 political parties on average, but also 22 political parties contested elections in all but 4 districts, in the latter one less party applied (see table 9). This shows remarkable homogeneity and puts to question the effect of district magnitude which has been taken as the sole determinant for the number of parties thus far. The effective number of parties (average statistics shown in table 8) rules that out, as the ENP which for 2005 varied between 2.03 to 6.17 in different districts, suggests that district magnitude still plays an important role in determining the number of political parties. However, given that the district magnitudes in Bulgaria's districts have remained either unchanged or with negligible changes, the fact that we observe a homogeneity in the number of parties only in 2005 suggests the existence of another influential factor. Earlier, I argued that a potential explanation could be the way votes get translated into seats. Yet, Bulgaria has used the same method for translating votes into seats throughout the post-communist period, and the fact that we do not see a nationalization effect prior to the 2005 election, hints that other explanations must exist.

One possible explanation, as the theory of political learning posits, is the affect of the institutional framework which elites are facing. In 2005 an amendment to the law that regulates the election of members of parliament changed the rules under which a political party can compete. The amendment declared that political parties wishing to compete in the upcoming election need to pay a deposit in the amount of 20000 leva (equivalent to about 10000 euro), and coalitions need to pay an amount of 40000 leva⁹. The deposit is returned to

⁹These amounts were further increased to 50000 leva for parties, and 100000 leva for coalitions with the 2009 amendment of the electoral law.

those parties which collect at least 1% of the national vote. This recent regulation could serve as an explanation for the melted away difference in the number of parties among districts, as it largely discourages smaller parties which cannot collect a sizeable number of votes from participating, and it encourages parties which do participate, to compete in all districts (since once they have paid the deposit it doesn't cost any extra to compete in an additional district, and they need all the votes they can get in order to refund their deposit). The fact that we see the number of political parties decrease as a result of this electoral regulation shows that elites are responding rationally to the changing institutional environment and that institutions, along with time, contribute to the political learning process. Additional evidence for that is found in the even smaller number of parties in the latest parliamentary election - here, we see that on average more than 25% of the political parties which competed in 2005 have chosen not to compete in 2009. One can easily conclude then that institutions and time in which elites experience a changing institutional environment, contribute to elite political learning and affect the development of the party system.

We see that even smaller districts like Dobrich and Razgrad had a large number of parties in 1994 and 1997. Parties like the "Union of the patriotic forces" or "Free cooperative party", are few examples of small parties which disappeared after the change in the electoral law, while others, such as VMRO and BZNS merged, and contested the following election on a single ballot. At the same time, parties which were more likely to make the electoral barrier remained, and competed in all districts (as opposed to previous years where they competed in some - an example here is the Gabrovo district, where 17 parties compete in 2001, while in 2005 that number increased to 21). The change in the Gabrovo region is due to the entry of the UDF-splinter parties, Ataka, and Novoto Vreme (a new party which did well in urban districts but was short of the 4% national threshold, and thus did not enter parliament).

Another important explanatory factor for the level of party system convergence which I mention in chapter 2, is the opportunity cost for running for office. I hypothesize that in poorer democracies holding public office is seen as a highly paid job, and argue that as the economy gets better and job opportunities increase, fewer people will resort to political entrepreneurship, unless they are truly interested in doing politics. The empirical analysis in chapter 3 shows that for every \$1000 increase in the per capita GDP, there is a 0.19 increase

in the party system convergence index. In essence what this amounts to, is that districts like Varna and Burgas, which currently exhibit a PSCI of -0.29 and -0.34 respectively, can jump to a positive level of party system convergence with a less than \$2000 increase in the per capita GDP. Whether this will happen at this point remains unknown, and GDP per capita is not one of the main determinants of party system convergence, but it is used as a control. I believe that it serves as a good proxy of opportunity costs, and could be a factor in the explanation of the massive surge of parties in many East European countries during the first years of the transition period. One of the experts whom I interviewed, said that in the early years, parliamentary candidates could take out loans under preferable conditions, and as that person confirmed, there were many cases when the money was used for private reasons. This reiterates the idea that it is plausible to believe that the economic status of a country will have an indirect effect on the number of political contestants. Eurostat data on the purchasing power standards of GDP per capita for the EU27 confirms this, showing that Bulgaria's PPS index rose by 11% from 1997 to 2001 and by 18% from 2001 to 2005. Better rewarded job alternatives, and the understanding that they might not make the electoral threshold, explains the shedding off of political parties between 1997 and 2001. Further, including a deposit requirement in the elections law, combined with an even more growing economy, increases the incentive for smaller parties to leave the legislative electoral race, to its current level of 18.

We might naturally ask what does 18 political parties mean? Is that more than we should have? While this is a normative question, from the theory developed in chapter 2 we know that the TENP theoretically predicts the number of parties that can be elected (by taking into account the additional constraining effect of the heterogeneity of a given district), while the M+1 theoretically predicts the highest number of parties that can apply, therefore in order to say that a system has equilibrated we would expect the actual number of parties to fall between these boundaries. For Bulgaria, due to the method of the translation of votes into seats in Bulgaria, and nationalization effect observed as a result, one needs to look at the district with the largest magnitude in order to determine the boundaries - in this case the district with 14 seats (Varna). The TENP for the Varna district is 8.2. The M+1 rule is 15 for the same district. Therefore, the number of political parties predicted by our theories

is between 8 and 15 for Bulgaria. In the most recent parliamentary election, Bulgaria had 18 political parties contesting overall, but only 16 or 17 contesting in most districts. This means that the country has not reached its ideal state as predicted by theory at this point, but as the party system convergence index suggests, it has been continuously moving toward the TENP, and is now only a few parties short of falling within the theoretically predicted boundaries.

These conclusions are largely supported by expert and elite interviews, the results of which are presented in the following section.

4.3 POLITICS-ON-THE-GO

The previous sections reiterate the theory of political learning, which states that age of democracy contributes to a higher level of party system convergence as more learning, gained through repeated experience with particular institutional constraints, results in fewer political parties, and offer district-level data to support it. In addition to a quantitative analysis, I resort to data collected from interviews of experts and party officials, conducted in Bulgaria in 2005 and 2007. I interviewed 24 people in total, 15 of whom qualify as country experts, and 9 are members of the political elite. Despite the difficulty of getting interviews for academic purposes in Bulgaria, I did my best to get a varied sample of respondents to minimize the bias of the collected views, and paint an objective picture of Bulgaria's political environment. The country experts consisted of professors of political science, selected from the 3 largest political science departments in Bulgaria¹⁰, senior and junior researchers from one of Bulgaria's most prominent think-tanks¹¹, and political and media affairs officers from the European Commission Delegation in Sofia. The political elite respondents included at least one middle or high-rank member of the legislative parties in 2007, and one member of a small political party, which was never part of parliament.

The interviews were conducted with a semi-structured design. I chose this method of in-

¹⁰The Department of Political Science at Sofia University, the Department of Political Science at the American University in Blagoevgrad, and the Department of Political Science at the New Bulgarian University.

¹¹The Center for Liberal Strategies.

vestigation over a close-end interview or a survey, because it has been argued that open-ended questions elicit best results when conducting qualitative research (Leech 2002). Adding to this, is the fact that semi-structured interviews are the widely accepted format for conducting qualitative research in the field. As any other method, semi-structured interviews have strengths, but also present potential problems. Some of the notable strengths of this type of interviews are that they provide high validity, in that the interviewer and the respondent can discuss something in detail and in depth, they allow for complex and often clarifying/follow-up questions, and the problem of pre-judgement on what will be used, and what wouldn't, which other styles of qualitative data gathering may pose, is resolved, since no two interviews are exactly alike. At the same time, some of the weaknesses of semi-structured interviews include the unconscious cues that the interviewer might give to a respondent, this type of interviews are not very reliable as they are not-standardized and samples tend to be small, and they can pose a problem of validity. Additionally, they are difficult to analyze, and it could be hard to draw useful generalizations from them. While it is obvious that a researcher cannot rely solely on data from semi-structured interviews to make his or her case, the method is the most frequently used technique to supplement the results of a quantitative analysis, therefore I also employ it.¹²

The data collected from the interviews reveals that there is a general consensus that the number of political parties in Bulgaria is still high, and all but one respondents agree, that this is a result of low institutional barriers to entry. I also found that the majority of my respondents argue in favor of the existence of political learning in Bulgaria, but the understanding of what political learning constitutes, seems to be different. Some refer to smaller entities merger as learning, while others see learning in the party split-ups. Nevertheless, all argue that with the exception of the successor of the previous communist party, the BSP, all other political parties are new or newly re-established, and what is referred to in Bulgaria as 'the political elite', are just some of yesterday's ordinary folks, who have assumed new role in a changed political environment. As a result of this, all of my respondents seem to agree, that politicians in Bulgaria have a lot to learn, and that they are learning as they go.

While some considered the rationality of the learning process, and others strayed away

¹²The questionnaire which I used to guide the interviews is included at the end of the chapter.

from the rational model arguing about the nature of the origin of the rules of the game, all respondents identified political learning as a process during which the elite members acquire knowledge of the rules of the electoral game by participating in elections. Some argued that elite members also learn the rules of the game as a derivative of following foreign models. ¹³ To my question of whether he believes that there is political learning among the members of the Bulgarian political elite, one respondent exclaimed - “politics is a craft, not a science, hence there is learning, especially in the long run”.

When asked to elaborate on what they believe elite political learning in Bulgaria constitutes, several respondents pointed to the fact that besides the former communist party, now renamed to BSP, the rest of the elite was “politically illiterate”, thus arguing that politicians had to learn from ‘the scratch’. Amongst what new politicians didn’t know, respondents gave answers ranging from the lack of theoretical knowledge, more specifically the difference between liberalism and conservatism, to what one respondent called “elementary code of conduct”, which he explained as the need of new politicians’ to learn that “they cannot wear white socks and sneakers while doing politics.”

In a similar vein, another respondent pointed out that during the first 15 years of the transition, the manner in which elite members address the public, has drastically changed. The initial form of campaigning consisted of what he called ‘emotional slogans’, while the platforms which are currently used, talk about specific policies to be implemented, and their results for the electorate. The same interviewee said, that “there is learning even in disappointment” - referring to the 2001 electoral loss of both of the then two larger parties (BSP and UDF), which were placed in opposition by the victory of the King’s party. The interviewee continued to say that the King’s party (NDSV) subsequently also suffered a loss, arguing that “politicians have learned that they cannot promise everything, while voters have learned that they cannot have such high hopes that all that’s promised will be delivered, but rather that both sides have to take more moderate positions.”

Two factors stood out in many of the responses, as the most clear examples that elite members learn the effect of institutional constraints as time passes, and become strategic.

¹³Numerous times respondents mentioned the effect of international party organizations on the national party system, as well as the involvement of foreign foundations, primarily of German origin, in the instruction and training of politicians from all parties alike.

This is reflected in the fact that some clauses in the electoral law, have been amended several times. First, a few respondents mentioned that the number of signatures required in order to qualify a political party for the legislative elections, has started from as low as 50 in the early 1990s, but has been increased to 500, 5000, and most recently to 15000, during the last 20 years. Second, it was noted that during the early years of the transition period, political parties which registered to compete, could borrow public money for their campaigns. Monetary loans were given under preferential conditions, with the presumption, that the loan should be used to cover campaign costs. One of the interviewees pointed out that this served as a strong incentive for the multiplication of political parties, a lot of which misused this opportunity (using the money for private expenses), and only one such precedent was brought to the awareness of the public. This shows that members of the elite learned the rules of the game, but also learned how to evade them for personal benefit, which in another respondent's words, is "learning bad things". Today, not only such loans are not offered, but if a party wants to enter the electoral race, it has to pay a sizeable monetary deposit. Both of these factors, respondents say, contribute to decreasing the number of political parties which contest elections.

The availability of loans, and the low signature barrier to political entry, arguably produced incentives for the multiplication of parties at the beginning of the transition period. As one of my respondents put it, "instead of opening a firm, you just opened a party". Interestingly, these characteristics of the early years' law for establishing political parties, and the law for electing members of parliament, were equally pointed out as having a negative effect on the party system, by the country experts, and the large, and small party members alike. The larger parties dislike this development because the electorate becomes distracted, and the existence of too many parties lowers their individual chance of earning more votes to begin with, while the smaller parties see the ability of anyone to form a party, as a threat to their own existence, as anyone who has more resources can easily take their place, by affording more expensive campaigns, or using wider networks.

I also asked the respondents whether they believe that there is a link between what politicians learn, and the number of political parties. Here, the answers took two different directions. Some respondents discussed the overall picture of the party system, claiming that

indeed we see signs that increased knowledge over time, has led to 1) changes in the electoral law, which in effect decreases the number of contesting parties (the signatures and deposit referred to above), and 2) to consolidation of smaller parties. Others, discussed learning in the light of the fractionalizing of the legislative parties, where the opinions on whether elite members learn diverge, depending on how the respondent understands learning. Some claim that learning (here the respondent used it as equivalent to a purely rational behavior, for him meaning the knowledge of how to get in parliament) was trumped, or slowed down, by personalistic rivalries (referring to the break-up of the UDF), others view the fractionalization of the legislative parties, and especially of the UDF, as a result of learning itself. The latter respondent argues that while the UDF was a loose umbrella organization of 16 or 17 groups, which were united solely on the grounds of being against everything of communist origin, it has now transformed into three distinct political parties, two of which stand by clear and specific ideologies, and “have thus evolved in political parties in the true sense of the word”. One interviewee argued that he thinks that there was an unseen cleavage in the electorate of UDF, which according to him is now becoming clear with the separation of Kostov and the establishment of DSB, a party with more conservative ideals. This respondent further argued that he sees the fractionalization of the Bulgarian parliament as something which was inevitable and necessary, arguing that political power is most stable as a tripod - with left, center, and right - and that he does not think that there will many more significant changes within the party system in the future (except, he added, that the BSP might also break up into a few more coherent ideological parties).

In addition to institutional factors, my theory proposes that when we study the fractionalization of a party system we should also control for the economic performance of the country, with the idea that it is plausible for some to see the opportunity of running for office as an easy ticket to an attractive job opportunity. To the question about the number of parties, one respondent said that “being in politics is besides all else, a good opportunity in the midst of high unemployment,” while others alluded to the fact that many sought the immunity status MPs receive, especially because the law allowed for private businesses to ‘become’ parties. Both of these statements support my proposition that a link between the level of the economy and the number of parties could explain the surge of political parties

in the early stages of a country's transition to democracy.

In addition to providing evidence for the determinants of party system convergence in Bulgaria, the interviews pointed to a new direction of research, which will be worth exploring in the future. That is the nexus between the elite and voters, and how much elite members know about how to connect with their active or potential constituents. It was argued by several respondents that the leader of the DPS (the party which represents the Turkish minority) is by far the most strategic, and most knowledgeable (in terms of utility maximization) political elite member in Bulgaria, as his behavior over the democratic election history of the country has always followed a maximizing the probability of being in government trajectory. Respondents admit, albeit reluctantly, that the leader of DPS is also the only politician who speaks and delivers to his electorate, because, as they say, he seeks to be re-elected. One expert noted that in a study comparing the amounts of passed legislation during the transition period, the DPS was the political party to initiate the highest number of bills which were subsequently adopted, and became law. The paradox which exists however, is that most of the larger political players do not approve of Dogan's politics, and namely of the fact that he has joined a coalition government with every single larger party, which has had the mandate to issue a cabinet. At the same time however, several respondents pointed out that it was during the initial months of the transition, and the early roundtable talks that the former communist party (now BSP), and the opposition formation (UDF), decided to insert a constitutional clause banning ethnic parties, thus sentencing the sizeable Turkish minority population to seek representation only in the DPS (to a certain extent as a result of being denied such representation). While some question the clause from a human rights perspective - one respondent mentioned that "this is unheard of, and the only two countries which have such clauses are Bulgaria and Albania" - its inclusion in the constitution remains a fact. One could argue, that this development, in a way, handed a lot of power to the DPS, and since Bulgaria more often than not has coalition governments, and the Turkish population is small but sizeable enough for the DPS to be the needed coalition partner, the party, by design, enjoys a very strong, and hard to replace strategic position in the Bulgarian political scene.

The example of Ahmed Dogan, and the fact that interviewees' view him as someone who

makes strategic (and often frowned upon) moves which enable him to get what he wants, leads to another interesting question - what determines the size of the vote share a politician will get? The argument that Dogan speaks to and delivers to his electorate is questionable, especially in the light of the most recent election and the electoral tourism practices which were highly linked to his political party. Nevertheless, as I mention in the beginning of the chapter, how voters react, or how they vote, is what determines which parties get elected to parliament. This question is worth exploring but it is outside of the scope of the current project, and I do not explore it in detail here. However, in order to be thorough in presenting Bulgaria's political situation, and because many of the interviews discussed the bigger players in Bulgaria's politics (mostly the parties in parliament), in the following section I provide a short analysis of the developments of Bulgaria's legislature.

4.3.1 The Legislative Parties

Theories of party system institutionalization claim that a sign of an institutionalized party system is that there is stability in the main parties and how they behave ([Mainwaring 1998](#)), meaning that every political party can be easily matched to follow a particular political ideology. They also argue that voters' choices may swing back and forth between established parties, which affects who governs, but the parties between which the electorate oscillates remain the same ([Rose and Munro 2003](#), 74). Rational choice models, and more specifically theories of strategic voting and strategic entry, claim, on the other hand, that successful electoral coordination will reduce the number of contestants ([Cox 1997](#)), and will make the entry of new parties inefficient ([Downs 1957](#); [Black 1972](#); [Palfrey 1984](#), for a more detailed review read [1](#)). In theory then, we expect that institutionalization will follow as political elite members respond rationally to what is revealed by subsequent participation in the electoral game, and that, as [Rose and Munro \(2003\)](#) note "the consequence of rational adaptation is fewer parties.. and that most successful parties offer incentives to aspiring politicians to join them rather than launch a new party".

Previous sections reveal that the number of political contestants in Bulgaria diminishes over time, which attests that there is successful electoral coordination within Bulgaria's

party system. At the same time however, data from the interviews hints that, while electoral coordination is taking place, we cannot yet speak of party system institutionalization. Several respondents mentioned the fractionalization of the UDF, as well as the emergence of new political parties, which were successful in entering parliament, and thus disturbed the pre-2001 bi-polar model which the Bulgarian party system exhibited. While the theory of political learning is concerned with the number of parties contesting elections, the mentioned fractionalization of the Bulgarian parliament does not move with trend found in the party system as a whole, and therefore warrants some attention. In this section I present data from Bulgaria's parliamentary elections, and try to explain why the fractionalization occurred, and what are its implications for the theory developed here. Table 12 contains the results.

[table 12 about here]

Table 9: District-level Characteristics of Bulgaria's Party System

<i>District Name</i>	<i>M</i>	<i>H</i>	<i>TENP*</i>	<i>RNPt</i>				
				1994	1997	2001	2005	2009
Blagoevgrad	10	0.35	6.7	40	31	27	22	16
Burgas	13	0.35	8.2	35	34	23	22	17
Dobrich	7	0.4	5	32	26	27	22	16
Gabrovo	4	0.17	2.8	33	28	17	21	16
Haskovo	8	0.32	5.7	35	32	26	22	17
Kurdjali	5	0.51	4.7	35	30	22	21	16
Kustendil	5	0.1	3.2	36	30	25	22	17
Lovech	5	0.2	3.3	37	30	25	22	17
Montana	6	0.2	3.9	33	34	26	22	17
Pazardjik	9	0.31	5.9	38	30	29	22	15
Pernik	5	0.06	3.1	36	31	25	22	16
Pleven	10	0.19	5.9	37	33	27	22	17
Plovdiv grad	10	0.23	6.2	38	33	27	22	16
Plovdiv okrug	11	0.23	6.9	39	32	30	22	17
Razgrad	5	0.59	4.3	32	26	25	22	14
Ruse	8	0.34	5.4	39	30	24	22	15
Silistra	4	0.51	3.6	37	28	25	22	14
Shumen	6	0.56	5.1	36	28	23	22	16
Sliven	7	0.42	4.8	35	32	25	22	17
Smolyan	4	0.35	3	37	30	25	21	16
Sofia 1	13	0.08	6.9	41	34	32	22	18
Sofia 2	11	0.08	6.3	38	34	32	22	18
Sofia 3	12	0.08	6.5	37	34	32	22	18
Sofia oblast	8	0.12	4.8	38	34	30	22	18
Stara Zagora	11	0.25	6.9	40	33	26	22	17
Turgovishte	4	0.56	3.5	33	29	25	21	16
Varna	14	0.25	8.2	37	35	25	22	17
Veliko Turnovo	9	0.22	5.6	36	29	23	22	16
Vidin	4	0.17	2.7	35	29	22	22	15
Vratza	7	0.13	4.5	35	30	26	22	16
Yambol	5	0.17	3.3	36	35	25	22	17
Average	8	0.27	5.1	36	31	26	22	16

Note: Ethnic heterogeneity is measured on a scale of 0 to 1, with 0 meaning perfectly homogeneous and 1 meaning perfectly heterogeneous. The *theoretically expected number of parties (TENP)* statistic is calculated by $(m+1)/(2-h)$, for more details see chapter 3.

* for districts in which the magnitude changed during the period studied the *TENP* presented is an average.

Source: Central Election Commission, Bulgaria; Author's calculations.

Table 10: District-level Effective Number of Parties in Bulgaria

<i>District Name</i>	<i>Effective Number of Parties</i>				
	1994	1997	2001	2005	2009
Blagoevgrad	3.88	2.86	4.45	6.17	4.72
Burgas	4.03	3.35	3.82	5.98	4.52
Dobrich	3.66	4.02	4.80	4.87	4.40
Gabrovo	4.61	2.68	2.97	5.41	3.25
Haskovo	3.55	3.45	3.74	5.29	4.25
Kurdjali	3.09	2.51	2.65	2.03	1.96
Kustendil	3.12	2.94	3.36	3.82	4.34
Lovech	3.54	2.81	3.70	5.42	4.11
Montana	2.83	3.20	3.77	4.16	4.26
Pazardjik	3.43	2.90	4.20	5.79	4.17
Pernik	3.47	2.51	2.95	4.37	4.08
Pleven	3.21	2.78	3.82	4.83	4.51
Plovdiv grad	3.35	1.93	3.12	5.72	3.47
Plovdiv okrug	3.49	2.65	3.59	5.06	4.06
Razgrad	3.85	4.20	2.24	3.65	2.69
Ruse	4.67	3.23	3.81	6.17	4.15
Silistra	3.90	5.04	2.34	4.04	3.65
Shumen	4.09	4.92	4.18	5.23	4.01
Sliven	3.45	3.35	3.79	5.75	4.05
Smolyan	3.66	3.11	3.81	5.82	4.17
Sofia 1	3.38	2.11	3.60	5.26	3.73
Sofia 2	3.34	1.98	3.29	5.91	3.52
Sofia 3	3.51	2.07	3.14	5.53	3.06
Sofia oblast	3.32	2.67	3.20	5.17	3.82
Stara Zagora	3.61	2.67	3.77	5.26	4.00
Turgovishte	3.63	4.83	2.42	4.02	3.59
Varna	4.40	2.63	3.48	5.58	3.83
Veliko Turnovo	3.44	3.03	3.20	5.34	4.02
Vidin	2.59	3.10	3.63	4.34	4.06
Vratza	2.67	3.41	3.91	4.25	4.57
Yambol	3.11	3.49	3.36	4.44	4.13
Average	3.55	3.11	3.49	4.99	3.91

Note: The effective number of parties is the number of parties weighted by their relative strength; it is calculated by $1/(\sum_i p_i^2)$, where p_i is the vote share of party i .

Source: Central Election Commission, Bulgaria; Author's calculations.

Table 11: Party System Convergence in Bulgaria

<i>District Name</i>	<i>Party System Convergence Index</i>				
	1994	1997	2001	2005	2009
Blagoevgrad	-4	-2.65	-2.05	-1.03	-0.64
Burgas	-2.44	-2.01	-0.71	-0.59	-0.34
Dobrich	-4.4	-3.2	-3.4	-2.4	-1.65
Gabrovo	-8.07	-8.25	-4.22	-5.69	-3.86
Haskovo	-3.88	-3.38	-2.85	-2.11	-1.57
Kurdjali	-5.45	-4.39	-3.46	-3.22	-2.76
Kustendil	-9.4	-7.5	-5.92	-4.97	-4.46
Lovech	-9.1	-7	-5.5	-4.6	-4.12
Montana	-6.49	-6.74	-4.69	-3.66	-3.11
Pazardjik	-4.42	-3.07	-2.9	-1.72	-0.81
Pernik	-9.64	-8.02	-6.08	-5.11	-4.2
Pleven	-4.09	-3.97	-2.11	-1.62	-1.08
Plovdiv grad	-4.11	-3.31	-2.34	-1.54	-0.83
Plovdiv okrug	-3.75	-2.72	-2.08	-1.25	-0.74
Razgrad	-5.52	-4.11	-3.88	-3.17	-1.94
Ruse	-5.19	-3.53	-2.43	-2.06	-1.11
Silistra	-9.03	-4.95	-5.45	-4.56	-2.17
Shumen	-5.41	-3.04	-2.73	-2.53	-1.84
Sliven	-4.91	-5.22	-2.94	-2.35	-1.84
Smolyan	-10.21	-7.9	-6.25	-4.93	-3.28
Sofia 1	-4.06	-3.02	-2.73	-1.02	-0.88
Sofia 2	-4.08	-3.44	-3.12	-1.52	-1.14
Sofia 3	-3.92	-3.02	-2.73	-1.25	-1.14
Sofia oblast	-5.94	-5.1	-4.27	-2.6	-2.17
Stara Zagora	-3.83	-2.81	-1.79	-1.21	-0.70
Turgovishte	-7.5	-6.35	-5.2	-4.05	-2.61
Varna	-2.63	-2.38	-0.92	-0.57	-0.29
Veliko Turnovo	-4.41	-3.16	-2.09	-1.92	-1.16
Vidin	-10.81	-8.61	-6.05	-6.05	-4.85
Vratza	-5.27	-5.01	-4.08	-3.14	-2.28
Yambol	-8.98	-8.68	-5.63	-4.71	-4.23
Average	-5.84	-4.73	-3.57	-2.82	-2.06

Note: The party system convergence index is calculated by $1 - |1 - RNpt/TENP|$.

PSCI equals 1 when the actual number of parties equals the *TENP*.

Source: Author's calculations.

Table 12: Legislative Results for the period between 1991-2009

	1991		1994		1997		2001		2005		2009	
	%	Seats	%	Seats	%	Seats	%	Seats	%	Seats	%	Seats*
UDF	34.4	110	24.2	69	52.3	137	18.2	51	8.4	20		
BSP	33.1	106	43.5	125	22.1	58	17.2	48	34	82	17.7	40
DPS	7.6	24	5.4	15	7.6	19	6.8	21	14.1	34	14.5	33
BBB	1.3	-	4.7	13	4.91	12	-	-	-	-	-	-
NS	-	-	6.51	18	-	-	-	-	-	-	-	-
Euro-left	-	-	-	-	5.5	14	1.0	-	-	-	-	-
NDSV	-	-	-	-	-	-	42.7	120	21.8	53	3	-
DSB	-	-	-	-	-	-	-	-	7.07	17		
SSD	-	-	-	-	-	-	-	-	5.7	13	-	-
Ataka	-	-	-	-	-	-	-	-	8.9	21	9.4	21
RZS	-	-	-	-	-	-	-	-	-	-	4.1	10
Sinya Coalitizia	-	-	-	-	-	-	-	-	-	-	6.8	15
GERB	-	-	-	-	-	-	-	-	-	-	39.7	90
<i>RNPp</i>	3		4		5		4		7		6	
<i>ENPp</i>	2.41		2.79		2.52		2.92		4.92		3.78	
Total	-	240	-	240	-	240	-	240	-	240	-	209**

Note: UDF: Union of Democratic Forces; BSP: Bulgarian Socialist Party; DPS: Movement for Rights and Freedoms; BBB: Bulgarian Business Bloc; NS: People's Union; NDSV: National Movement Simeon II; DSB: Democrats for Strong Bulgaria; SSD: Union of Free Democrats; Sinya Coalitizia = UDF + DSB, GERB: Citizens for European Development of Bulgaria.

RNPp stands for the raw number of parties in parliament, and equals to the number of parties represented in the current parliament. The *ENPp* statistic reports the *effective number of parties in parliament* calculated by [Laakso and Taagepera \(1979\)](#)'s formula which equals $1/\sum_i p_i^2$, where p_i is the percent of seats each party received in parliament.

**The percent and seat allocation refer to the 209 seats selected under proportional representation.

***A change in the electoral law was made just prior to the 2009 election according to which one majoritarian candidate was to be elected from each of Bulgaria's 31 districts, thus leaving the proportionally elected MPs to 209.

Source: Central Election Commission, Bulgaria.

The data in table 12 shows that the representation of political parties in Bulgaria's parliament continues to change. We see that during the first three elections the governing power was juggled between two political parties - the former communist party, currently named the BSP, and the main opposition to the previous regime in the face of the Union of Democratic Forces, UDF, whose subsequent fractionalization was mentioned by some of my respondents.¹⁴ In 2001, and 2009, Bulgaria saw newly established political parties resuming the governing power - the King's party (NDSV) in 2001, and former mayor of Sofia, Mr. Boyko Borissov's party GERB in 2009. The 2005 election also gave way to the entry of three 'new' political formations - Ataka, a nationalist party led by a former member of the BSP, and DSB and SSD, both UDF-splinter parties. In 2009, another 'new' political formation, RZS, entered parliament. The latter is inherited from one of the dissolved BZNS formations, which participated in the 2005 parliamentary elections in conjunction with what was left of the UDF post its three-way split.

The castling that occurred in the Bulgarian parliament poses two interesting questions in relation to the theory of political learning built here. Why did these splits and role-swapping occur, and what do they show that the main players of the political elite have learned? I argue, that lack of experience in resolving inner-party conflict is a key explanation for the break-up of the UDF, as well as the changes within the BZNS. Admittedly, the establishment of some new parties hinges on political opportunism, and the fact, that some elite members have mastered the indecent portion of the 'political craft', of making empty promises on populist platforms. While normatively speaking this is bad for society, a positive analysis reveals that the changes in the parliamentary structure in Bulgaria do not challenge the model of learning, because as I show, elite members have responded rationally to the incentives that they face.

The break-up of the UDF, and the establishment of Ataka, which caused an increase in the number of parliamentary parties from 4 to 7 in 2005, can both be attributed to rational and utility maximizing actions. In the system-level theory built in chapter 2, I establish that party-splits are likely to occur when inner-party conflict cannot be resolved within the

¹⁴The 1991 UDF government, lost a vote of confidence a year later after the defection of its coalition partner, the DPS, and a care-taker government led again by the former communists, assumed power until the next election in 1994.

larger party. Additionally, my model of party-splits shows that they are more likely to occur in situations in which a leader, or party member, enjoys the benefit of having high electoral power. The fractionalization of the UDF can then be largely attributed to the fact that from the start it has been an amorphous entity of different movements and organizations, which were united under what one of my respondents calls ‘emotional slogans’, calling for supporters who are against everything linked to the communist past. As a result, after the communism-anti-communism cleavage lost its place of highest importance, it seems plausible that in the need to find a more precise political direction for the party (in terms of policies to offer and results to deliver to its constituents), elite members within the UDF had formed several ideological camps, which predisposed the ensued break-ups.

Another important reason which could explain the split in the UDF, is the electoral loss it suffered in 2001, after four years of governance. As noted earlier, prior to 2001 the country was governed by either the BSP, or the UDF (on occasion, both of these parties were in coalition with the DPS). The UDF’s defeat in 2001, and the public’s adversity toward the BSP, during whose last ruling (1994-1997) the country was brought into a hyperinflation and a devastating economic crisis, seem to have created a political power and electoral trust vacuum, which the newly formed NDSV, strategically filled. I would argue that an explanation for the entry of a newly formed party which gets elected and receives a mandate to rule, is the late start of democratic reforms (most of which did not take place until the Kostov government (UDF) assumed power in 1997), and the tiredness and lost belief of the ordinary everyday voter, as a result.

Unlike most other East European countries, where the communist parties reformed quite early, and adopted a true social democratic profile of leftist parties supporting market economy and democratic ideals, the Bulgarian Socialist Party did not reform until its dramatic defeat in 1997 ([Spirova 2008](#)), when it was forced to step down from power, by the masses of people taking to the streets for nearly a month of strikes and demonstrations - an event which is known as Bulgaria’s January revolution. In her excellent study of the Communist successor party in Bulgaria, Spirova argues that although it started calling itself a social democratic party after it changed its name, the BSP’s platform continued to have strong anti-reform elements, and its foreign policy position remained highly ambivalent towards the

EU and NATO (486). While some scholars argue that Bulgaria had developed a consolidated democracy of fair elections, regular and peaceful alternation of power, and integration of its ethnic minorities into the political process (Ganev 1997, 126), a majority of scholarly accounts (Kuzio 2008; Noutcheva and Bechev 2008; Spirova 2008) refer to Bulgaria, and it is often sided with Romania, as the proven laggards of Central and Eastern Europe, mostly referring to the lack of reforms stimulating a market economy, as well as reforms in other sectors of the state, which are crucial for the development of a prosperous democratic state, which Bulgaria has pledged to become. Given the circumstances, and the economic crisis during which it came to power, the Kostov cabinet led painful economic reforms, which were not embraced by the tired from the 8 years wait populace. As a result, despite that the latter cabinet took the necessary steps which subsequently opened the doors to NATO, and EU membership for Bulgaria, by 2001 the UDF had lost the high popular support it enjoyed in 1997, and it was ridden by inner-party conflicts looking for who's fault was the defeat, and where to from there.

A similar opportunity of political and electoral vacuum, which occurred with a tide of rising nationalism and Euroscepticism, was ceased by the newly emerged party Ataka in 2005. The grounds for a nationalist platform came as a result of a growing discontent about the participation of the DPS in the the governing of Bulgaria, especially after information of corruptive 'rings of businesses' came to surface. Since none of the existing parties had taken a public stand on their 'quiet' opposition to the DPS (which is confirmed to have existed by the accounts of the interviewees), Ataka used the existing sentiment to stir the public, and gather electoral support on nationalist grounds.

The rising public discontent with the political involvement of the ethnic minority party, DPS, was obvious in the 2009 parliamentary election as well. All major candidates in the 2009 electoral campaign, while not formally opposing the existence of DPS (the only exception here being Ataka), used the growing sentiment against the Turkish party, in their pre-electoral messages to the public. The unofficial slogan of the established in 2007 political party GERB, and so-called Blue Coalition which for the first time since 2001 united the two main splinter parties of the UDF (SDS and DSB), was the regaining of Bulgaria's reputation in front of the European authorities by fighting the rampant corruption circles, a first step to which

was the removal of DPS, and its ‘puppet’ the BSP, from government. The charismatic leader of GERB, former mayor Boyko Borisov, made promises to turn around the course of the politics of the Stanishev government, and finish the work started in 1997, by the Kostov led, UDF, cabinet. The electorate responded with high voter turnout, and its vote revealed a clear message that people want change. As table 11 reports, GERB received 39.7% of the popular vote, and altogether it had 116 seats of the 240-seat parliament.

The analysis of the development of Bulgaria’s parliamentary parties suggests that an important determinant in who wins and who loses in the legislative election is the ability to connect with voters. In this light, the Bulgarian parliament has two occasions in which previously non-existent political formations create a party, campaign well, and win with an overwhelming victory (the King’s party in 2001 and GERB in 2009), often on populist campaigns. One could then argue that it is the craft of eloquence and promises that gets newly formed parties elected, while the role of the ones that have been new in a previous period is being marginalized by punishing voters. This explanation however is not independent of another factor - low level of popular support for the incumbent party. The reason for that is twofold - first, retrospective voting, or a vote that punishes the incumbent, is more likely to happen in times when the incumbent has lost popularity, which is often linked to whether voters were given what they were promised - i.e. whether they received prosperity if they were promised prosperity, whether more jobs were created if more jobs were promised, etc., and second, voters are more likely to be interested in engaging in the electoral process when times are difficult and/or they feel that they have been cheated. Increasing popular dissatisfaction with the current government, and lack of an existing electorally supported alternative, creates a political vacuum and opens the opportunity for a new entry. Despite the recorded macro-economic growth in Bulgaria since the late 1990s, micro-economic data suggests that the situation of the ordinary citizen remained fairly unchanged and the amount of annual income and annual expenditures of a household have remained roughly the same, meaning that people spent more than 95% of their income on necessities (detailed data is available from the NSI). The fact that while the country’s indicators may have grown stronger, the general public did not feel or felt little change, is reflected in the loss of popularity of the 2001 incumbent party, UDF, compared to the level of popularity the party enjoyed in 1997.

[Spirova \(2007\)](#) reports that three months before the 2001 election only 15% of the respondents answered in favor of the incumbent when asked the question ‘who would you vote for if the election were to be today,’ while the largest percentage of the people claimed to be undecided.

The opening of a possibility for a viable new entrant (whether a new or a splinter party) is re-enforced by the little incumbents can do to win again, at least at the immediate election, when they have lost the popular support. That is to say, that even when an incumbent is responsible for important macro-level achievements, such as stabilizing the economy and putting the country on the road to EU and NATO membership, for which the UDF indisputably deserves the credit, if things have changed little at the micro-level, often major achievements can go unnoticed by voters. Given the difficult reforms transition democracies have to go through, which would bind any incumbent taking the reform path to unpopularity, coupled with high corruption privatization of state property can bring, the existence of parliamentary fractionalization and changes in the power distribution among the main political parties in Bulgaria should not be surprising. The break-ups and transformations between the initial opposition party in Slovenia, DEMOS, which are discussed in chapter 5, are only one other example.

4.4 CONCLUSION

This chapter puts the theory of political learning, and the findings of the empirical analysis in chapter 3, to a country-specific test. The purpose of doing this is to show the statistically found relationships exist in a more contextual manner. I do this by applying the theoretical propositions of chapter 2 to a district-level analysis of the party system development in Bulgaria. The case selection was driven by the theoretical argument that political learning is affected by age of democracy, and that younger democracies converge at a faster pace. Thus, I chose 4 East European countries (the case studies of the other 3 follow in chapter 5) that exhibited enough variation, and enough similarities, to provide a good sample of case-studies of the theory.

The analysis shows that the party system convergence index, which is measured as a ratio between the actual and the theoretically expected number of political parties, consistently increases over time. Bulgaria has had 7 elections in the post-communist period, however, only 6 are considered to have been democratic. A district-level examination of the data, reveals that the number of political parties has fallen from a high of 36 political parties contesting in each electoral district on average in 1994, to 16 political parties per district on average in the most recent election of 2009. Comparatively, this puts Bulgaria to a much higher spot in the change in the level of party system convergence, despite the country lagging behind Europe in other areas (such as standard of living, infrastructure, etc.). The analysis reveals however, that despite the significant increase in the level of party system convergence, Bulgaria still has more than the predicted by theory number of parties, therefore it is still early to claim a consolidation of the party system to have taken place.

Determinants of party system convergence other than age of democracy, such as institutional constraints that regulate the inflow of electoral competitors, are shown to be rather weak in Bulgaria, especially during the first years after the change. This provides a good explanation for the high number of parties that we see during the first few elections. I find that initially all political parties needed in order to contest an election, was to show 50 supporting their candidature signatures. This figure was increased several times to reach the current level of 15000, which resulted in a drop in the number of competing parties. With the aid of data collected from elite and country experts' interviews, I show that additional factors which contribute to the existence of many parties in the initial years, was the fact that candidate parties were eligible to receive loans on preferential terms, which not only decreased the cost of setting up a party to zero, but it also made it a profitable business. Finally, the analysis shows that another institutional factor, the introduction of a monetary deposit in order to secure a place to compete for parliament, has the predicted constraining effect on the number of parties. The deposit was introduced in 2005, and it immediately resulted in dropping the total amount of parties that competed by 10.

Overall, the analysis presented in the chapter shows that party system convergence increases as democracies mature and elite members learn the district constraining effects and smaller parties tend to drop out as a result. In addition to that, we see that elite members

are subject to institutional constraints which also regulate the number of competitors. The chapter uses quantitative data as well as interviews to examine the determinants of party system convergence in a specific context.

Country Experts Questionnaire

1. What do you think about *political learning*? In your opinion, does such a concept exist, and if so, what does it amount to?
2. Why do you think that new political parties enter the electoral race, while others disappear? Can you give some examples?
3. A notable French political scientist, Duverger, claimed that there are two main factors that affect the number of parties. A mechanical effect of the electoral rules pre se (plurality leading to a two-party system, PR leading to a multiparty system), and a psychological effect as a result of which voters abandon small parties if they believe that they will not get representation, and elite members expecting this chose not to compete in small parties. Can *political learning* be attributed to cognitive sophistication, i.e. to a possible psychological effect, or is it simply a result of a mechanical effect, or both?
4. How do you think political learning (of political entrepreneurs or prospective candidates) is related to the policy preferences of the electorate? Does the number of issues on which parties compete change? What is the relation between issues and parties - are new issues represented by new parties?
5. Is there any country-specific phenomenon (e.g. the finances a party must present before entering an election) which in your opinion explains the change in the number of parties?
6. Here is a picture of the legislative party system of Bulgaria. Some parties which ran for office in the first few years have disappeared, while others have formed. What happened to the political elite members of parties which exited the race? Did they join another party or exit the political arena altogether? What about their voters - who do you think do they vote for now?

Elite Political Members Questionnaire

1. Which party are you affiliated with and how long have you been in that party?
2. How many times has your party been in parliament? What about part of the cabinet?
3. How many parties besides yours ran for the current parliament? Is that number too high or too low? Is there an ideal number of candidate political parties that should run for parliament in a particular district? What about nationally?
4. Does the number of seats distributed in a district play a role in your party's decision to run in that district?
5. What about the ethnic (cleavage) structure in a district?
6. How does the experience with previous elections affect the decision of whether, where and how to run, of your party?
7. Can you describe a typical pre-election week in your party headquarters?
8. Can you give me an example when your party (if never, ask for another party) decided to split from or merge with another party? What are some reasons that prompt such a decision?
9. Can you think of a time when a new party entered the electoral race or an existing party dissipated? What are some of the reasons you can think of that might cause this development?

5.0 POLITICAL LEARNING: WHAT MAKES IT OR BREAKS IT? EVIDENCE FROM 3 (OTHER) SOUTHEAST EUROPEAN DEMOCRACIES

...competitive pluralistic politics often seriously tests the rational choice which is not an automatic blessing of political pluralism.

Adolf Bibič, *The Emergence of Pluralism in Slovenia* (1993:386)

Solving the puzzle of the variation of the number of political parties, among established and developing democracies, has been the subject of this dissertation. In addition to our current understanding that the number of parties is a function of electoral and social constraints, I argue that the number of parties is also a function of a process, during which as democracy matures political elite members learn the constraining effects of districts in which they compete, which results in the number of actual parties coming closer to the number of parties expected in theory. How far or close the number of actual parties is from the theoretically predicted number is denoted as party system convergence. As the gap between the actual and predicted number of parties decreases the level of party system convergence increases. It is this gap, how large or small it is, and how it changes that I have set out to examine. Previous chapters show, that the number of parties is further affected by pre-electoral party formation constraints and by EU related events which put external pressure on the party system.

The empirical analysis in chapter 3 provides evidence for the heterogeneity of the starting points and the growth rates of the level of party system convergence in different democracies, and studies the effect of several factors on this variation. It shows that age of democracy has on average a positive and significant effect in all democracies taken together, but the effect is stronger in young democracies. Additionally, the analysis in chapter 3 shows that pre-electoral party formation constraints, as well as EU entry and European Parliament

elections, also have an important effect on the gap between actual and predicted number of parties. For example, when the number of signatures required for setting up a political party increases, this reflects in a higher level of party system convergence. In election years when a country enters the European Union, or it is participating in EP elections, the level of party system convergence decreases, due to the additional stimuli for political competition.

To trace party system development at a deeper level and to show the effect of the proposed by the theory factors in a more specific setting, in addition to the Bulgarian case (see chapter 4), I study the cases of three other East-European democracies. I focus on Croatia, Romania, and Slovenia. The selection of cases was influenced partly by my desire to pick East European countries that have not received much academic attention thus far (which automatically excluded the Central East European Countries), and partly by the main independent variable - age of democracy - which required the country to be considered democratic by international standards, as a result of which all the Former-Soviet republics, and several of the countries of former Yugoslavia, were excluded from the selection pot. From the remaining countries, I picked in a way that would provide most variation among where countries stand today, and where they were coming from. I chose the four countries based on their different paths to the European Union, hence different present political situation - three members of the EU which achieved membership at different times, and one applicant to the Union; different communist pasts - two states were part of a more 'liberal' communist regime, one was a strong satellite to the USSR, and one was in an strong authoritarian regime of its own; and different levels of economic development - two more developed, and two developing states. As a result, the chosen cases provide evidence for political learning, or explanations for why it failed to occur, presenting a diverse sample of understudied countries. In addition to that, they fill a regional void ([Alexander 2008](#)) by avoiding the well-studied sample of Hungary, Poland, and the Czech Republic.

The decision to add case studies was made with two goals in mind - first, to move beyond the generalizable results of the statistical analysis done in chapter 3, by 'unpacking' the actual stories in some of the countries studied, and second, to provide additional support for the proposed effects of age of democracy and system constraining factors on why party system convergence may be going up or down in specific cases. Chapter 4 presented an

in-depth district level analysis of the post-communist elections in Bulgaria, and showed that as the theory predicts, with time and experience, the number of political parties in Bulgaria diminishes more than half, and currently between 14 and 18 political parties are contesting in the electoral districts.

It is evident that besides time, the latter in the sense that in early stages of the democracy inexperienced elites are still learning the constraining effects of the districts they compete in, an important additional factor which accounts for the large number of parties in a young (and poor) country as Bulgaria is the trade-off between a very low entry cost for competing (as low as collecting a handful of signatures) and a substantially high payoff (a country whose former state-owned businesses are now up for grabs, and being in an influential political position provides, sometimes questionable, power in accessing or redistributing these resources). However, the analysis of the institutional changes in Bulgaria shows that actors in young democracies respond rationally to the incentives they face, as a result of which we observe a continual retraction from the competitive electoral arena as time passes, as well as a result of tightening of the rules on setting up a political party or ensuring electoral participation.

In this chapter, I proceed with short case studies of Slovenia, Romania, and Croatia. Both Slovenia and Croatia exhibit a fairly steady upward trend in party system convergence, while Romania follows an opposite pattern. Looking more closely at these three cases provides the opportunity to examine the determinants of party system change at a deeper level.

For example, in 2004 Slovenia experienced a fall in its party system convergence index, which the theory of political learning explains with the close proximity of EU entry and EP elections. A closer look into the political debates in the country at that time however, reveal further that the presence of a debated proposal for a significant electoral system change, something which cannot be captured in a statistical analysis, encourages party formation. Similarly, Croatia experiences a drop in party system convergence in 2003, which can be also related to a contentious electoral system change. While the propositions for electoral change are different in character (Slovenia was trying to move from PR to SMD, while Croatia was attempting a move from SMD to PR), the case studies suggest that the presence of a viable, but strongly debated, proposal for an electoral system change, stimulates additional party

formation.

Slovenia and Croatia, both former republics of Yugoslavia, share a common past, yet the countries had significantly different political fates during the first decade after the fall of communism when one was steadily on the road to join the European Union, while the other was thorn by war. After the war, however, Croatia resumed its active pursuit of EU membership, and the country's political development can be now compared to the other democracies of the region. Both Slovenia and Croatia show higher levels of party system convergence related to Bulgaria and Romania, despite Croatia's 10 year war period. The fact that a country which for a decade was so to speak 'out of the radar' as its governance hinged on non-democratic practices, is now outperforming countries, which have been deemed democratic all along, presents an interesting puzzle. I argue that the party system development in both former Yugoslav republics was strongly influenced by a consensus among the elite about the future direction of the countries, in that independence from Serbia was the primary goal of both communists and reformists alike. Since breaking away from Serbia was the main goal for all politicians, and Serbia was seen as Russia's satellite, in neither Slovenia, nor Croatia, was there a debate of whether to go with Russia or Europe around which political party formation could take place. The question there was rather how and when to go with Europe, as we see from the divergent paths of Slovenia and Croatia in the initial years of post-communism.¹ In Bulgaria, however, the question of whether to 'go East or West' (with Russia or Europe) has resonated repeatedly among the political elite in the first non-communist decade, thus allowing for parties to form, split or merge around this issue.

¹Why Slovenia and Croatia which come from a similar past go on vastly diverging political paths in the first decade of communism is an interesting question in itself. I do not examine the reasons for their development per se, as my question is about the number of parties in democratic systems (thus Croatia's first 10 years fall out of the current scope), however the case examination suggests that it has to do with personalistic goals of a leader who enjoyed an initial majority, the strength of which he then used to remain in power despite political pressures both from within and from outside of the country. Nevertheless, I argue that political elites in both former-Yugoslav republics have a consensus on where to steer their countries to, and that is evidently away from Serbia and Russia. It can be argued that HDZ, or more particularly its leader, did not follow EU requests, and therefore the idea of a consensus of going toward Europe among the elite can be questioned. That the leader of HDZ had his own agenda is indisputable, however, his party used Europe as a campaigning tool. Data from the Comparative Manifesto Project, which creates scores on different policy stands by examining the manifestos of political parties across the world, gives a score of 0.13 for HDZ's stand on Europe, while many West European countries have political parties that have negative scores on the same issue (such as Green and Left parties in Sweden, Socialists in Norway, or the Danish People's Party). Furthermore, according to the CPM data Croatia scores higher on its elite's average stand on Europe than both Bulgaria and Romania.

Another interesting puzzle to explain is why Romania, despite being a member of the EU and not having been torn by war as Croatia, still registers the lowest level of party system convergence among all European democracies studied here. I explain the development in Romania with the presence of an additional incentive for continual new party formation. [Pop-Eleches \(2008\)](#) notes the success of Communist successor parties in dominating the post-communist politics in Romania and shows that both left and right-wing political parties have roots in the former Communist Party. I argue that the common origin of many of Romania's viable political parties which Pop-Eleches discusses to be viewed as a lack of true alternative as a citation in the article by a major political candidate suggests (see section on Romania for more detail), produces an incentive for new party formation even when factors that should stimulate the reduction in the number of parties are present. Thus, what we learn from the Romanian case is that the origin of political parties is another factor that can affect party system development and in the case of Romania it overrides the effect of factors proposed by the theory of political learning.

The chapter proceeds as follows. The next section examines the party system development in Slovenia. Section 5.2 studies the case of Croatia, and section 5.3 discusses the party system development in Romania. Section 5.4 concludes.

5.1 SLOVENIA

Slovenia's transition to democracy is among the biggest success stories in Eastern Europe, and the country is considered the "star performer" within the Southeast European region ([Agh 1999](#); [Bebler 2002](#); [Bibic 1993](#); [Krasovec and Lajh 2009](#)). As [Bebler \(2002\)](#) notes, Slovenia had a head start to its regional neighbors from early on as its Communist party was among the more liberal Communist parties in Yugoslavia (which had a more liberal Communist umbrella party than Bulgaria and Romania altogether). The province enjoyed long exposure to the West with quasi-democratic practices that gave it a comparative advantage even during the communist regime. Finally, in the late 1980s all political parties, Communist and reformist alike, had one common goal in mind - Slovenia's independence.

While the latter, I argue was also true for Croatia, the fact that the independence war in Slovenia lasted only a few days, put the country ahead even of Croatia.

Slovenia's openness to the West stimulated a flourishing civil society of "clubs, study circles, and non-governmental associations" (Bebler 2002, 134) in the 1980s, which had a strong influence on the country's quick, and democratic, pull-out of communism in the 1990s. After Slovenia's proposal for a loose confederation was turned down by the central leadership in Belgrade, its political elite became even more united in the determination to gain the province' independence. A referendum, which passed almost unanimously, took place in December 1990, and on June 25, 1991, Slovenia solemnly declared independence, and proclaimed its peaceful separation from the other Yugoslav republics. Since then, Slovenia has been a parliamentary democracy, with a unicameral² legislature. The 90 members of the National Assembly are elected through proportional representation system in 8 constituencies of 11 seats each, and 2 seats are given to the Italian and Hungarian minorities for the standard 4-year term. Data on the electoral and social characteristics of the country's districts are presented in table 13 below.

Since its independence, Slovenia has held five parliamentary elections. The symmetrical distribution of the electoral periods which the country enjoyed portrays a fairly stable democracy. Between 18 and 23 political parties competed in the 1992 election in Slovenia, and the number of contestants fell down to between 15 and 16 in the most recent election in 2008. This is a drop of 25% on average in the number of political parties. The same pattern of development can be seen when one looks at the effective number of parties. The ENP changes from an average of 6.215 in 1992 to 4.917 in 2008, showing the decreasing dynamic that the raw number of parties exhibit - the ENP falls in 2000 (5.05), rises in 2004 (5.93), to fall again in 2008 to its current level of 4.917. We also see that the number of effective parties is significantly smaller than the raw number of parties. The fact that the relevant number of parties is much smaller than the raw number of parties suggests, similarly to my argument for Bulgaria, that incentives for new party formation still exist, or that the costs

²The Slovenian parliament is technically comprised of two cameras, a directly elected National Assembly (Drazvni Zbor), and a National Council (Drzavni Svet) which is an advisory body of 40 representatives from social, economic, professional and local interest groups. The members of the National Council are not directly elected by the people, and have merely an advisory function (Fitzmaurice 1997), therefore Slovenia is considered to be a *de facto* unicameral democracy.

Table 13: District-level Characteristics of Slovenia's Party System

<i>District Name</i>	<i>M</i>	<i>H</i>	<i>TENP*</i>	<i>RNpt</i>				
				1992	1996	2000	2004	2008
Celje	11	0.24	6.8	18	18	15	19	15
Kranj	11	0.34	7.2	20	20	15	20	16
Ljubljana Bezigrad	11	0.36	7.3	21	21	13	20	16
Ljubljana Center	11	0.33	7.2	23	23	14	20	16
Maribor	11	0.27	6.9	21	21	18	19	15
Novo Mesto	11	0.29	7	19	19	13	18	15
Postojna	11	0.34	7.2	21	21	14	20	16
Ptuj	11	0.25	6.9	20	20	13	18	15
Average	11	0.30	7.1	20	20	14	19	16

Note: Ethnic heterogeneity is measured on a scale of 0 to 1, with 0 meaning perfectly homogeneous and 1 meaning perfectly heterogeneous. The *theoretically expected number of parties (TENP)* statistic is calculated by $(m+1)/(2-h)$, for more details see chapter 3.

Source: <http://volitve.gov.si/en/index.html>; Author's calculations.

for running and losing are not very high, yet, voters cast their votes in support of a smaller amount of parties which shows that the electorate makes a distinction between more and less significant political players.

Although Bulgaria showed to have a much larger drop in the number of its contestants (the parties there dropped more than 50%), Slovenia started out with many fewer parties and still leads Bulgaria in terms of party system convergence. Given the data in table 13, an interesting question to answer is why the number of political contestants falls significantly in 2000, and then rises almost to where it was in the first and second elections in 2004? If the theory of political learning is correct, an explanation for the drop in the number of parties will be the fact that politicians have learned that they can compete more effectively when together, while the increase in the number of parties in the 2004 election can be accounted for with the entry in the European Union, and the participation in European Parliament elections, which supplied new incentives for political competition. Both of these explanations hold: two parties of the center-right (the Slovenian People's Party, SLS, and the Christian Democrats of Slovenia, SKD) merged to form the largest right formation prior to

Table 14: District-level Effective Number of Parties in Slovenia

<i>District Name</i>	<i>Effective Number of Parties</i>				
	1992	1996	2000	2004	2008
Celje	5.99	6	4.96	5.73	5.16
Kranj	6.24	6.67	5.55	5.58	4.77
Ljubljana Bezigrad	5.98	5.98	4.71	5.25	4.43
Ljubljana Center	6.48	6.48	4.56	5.33	4.13
Maribor	6.37	6.37	5	6.2	5.59
Novo Mesto	5.68	5.68	4.58	6.26	5.65
Postojna	7.23	7.18	5.96	6.97	4.15
Ptuj	5.75	5.75	5.09	6.09	5.46
Average	6.21	6.26	5.05	5.93	4.92

Note: The effective number of parties is the number of parties weighted by their relative strength; it is calculated by $1/(\sum_i^n p_i^2)$, where p_i is the vote share of party i .

Source: <http://volitve.gov.si/en/index.html>; Author's calculations.

the 2000 election, and several small parties, which contested in 1996 (the Communist Party of Slovenia, the Christian Social Union, and the Liberal Party), left the electoral arena in 2000. In 2004, several new political parties formed to compete in the EP elections, including Voice of Slovenian Women and Slovenia is Ours, and took part in the 2004 national election, but neither one participated in the 2008 parliamentary election.

Further examination of the internal development of the party system and its issues suggests that there is an institutional explanation for the sharp drop in the level of party system convergence in 2004, which is masked out by a large-N statistical analysis. The ripening of a strongly divisive issue - the proposition for a major electoral system change - proves to account for new party entry into the electoral space (the establishment of Active Slovenia, which was created prior to the 2004 election, and failed to pass the electoral threshold, gaining only 3% of the popular vote, is an example³). As in most post-communist countries, the political right in Slovenia was much more fragmented than the left, and there, as in Bulgaria, the opposition formation of the early 1990, DEMOS, was torn by internal differences and

³In 2007 the party merged with a larger center-left formation, Zares, which gained 9 seats in the 2008 parliament. The merger suggests that political learning is indeed taking place.

maintained unity as a result of its common goal - to set up the independent Slovenian state ([Prunk 2004](#)). The first post-independence election was won by the left Liberal Democracy of Slovenia (LDS) party. The LDS, which emerged from the former communist youth organization in Slovenia, retained power for the next 12 years, despite some critical situations of its opponents gaining foot. In the 1996 election, the LDS once again came out strongest, but the parties of the conservative right together gained 50% of the vote. The LDS managed, however, to break-up the right-wing bloc to create a coalition government with the Slovene People's Party, a center-right formation based on a pre-war formation with the same name ([Prunk 2004](#)).

Prunk argues that one of the predominant political issues in 1998 and 1999, was the introduction of a majoritarian electoral system, which was proposed by Mr. Jansa, leader of the right-wing Social Democratic Party). The idea behind the change was to discourage small parties from participation, and to create more accountability. A referendum on the issue was held in December 1996, a month after the legislative election, which came out with 40% of voters supporting a potential electoral change, 26% supported an amended proportional system, 14% supported a mixed system, as a result of which the proposal was deemed to have been defeated ([Ramet 2006](#)). Two years later, the Constitutional Court reviewed the vote, and concluded, that since the proposal had more votes in support than against it, the result of the referendum should be considered positive. However, the court's ruling was disregarded by LDS.

The issue remained at the spotlight, and the ruling LDS aided by the newly united SLS and SKD (which abandoned their center-right partners), voted to change Article 80 of the constitution to provide for the election of the National Assembly by a system of proportional representation with a 4% threshold. The fact that PR electoral system was not only retained, but reaffirmed, coupled with the political tension around the issue on one hand, and the fact that parties in Slovenia receive campaign funds from the state budget ([Toplak 2006](#)) on the other, are likely to have encouraged the new party formation which we observe. Regardless of the PR law, Toplak notes that the 2004 election campaign had a majoritarian flavor concentrating on the leaders of the two main political blocs - Jansa (SDS) and Rop (LDS). After the 2004 election, which gave victory to the center-right coalition headed by Mr. Jansa,

the number of political parties decreased again, which, if we follow the contentious electoral issue explanation presented here, is a logical result after the ‘waters cooled down’ and some small parties, which saw a window of opportunity to try their chance but failed to meet the 4% threshold, withdrew from the following electoral competition.

Despite the political conflicts⁴ among the parties, [Fitzmaurice \(1997\)](#) notes that a broad consensus around the basic principles of support of the nation-building process, for democratic development, for market economy, and a generous policy towards its minorities, as well as for the integration into western organizations, remained (403) even after the 1992 and subsequent victories of the LDS. One can argue that the shared philosophy about the definite ‘right’ turn of Slovenia’s future, which we was missing both in Bulgaria and in Romania, strongly influenced the fast and productive transition period, out of which Slovenia emerged as the leading East European country both economically (with the highest GDP per capita among the East European countries), and politically (it was the first among the CEECs to take up the EU’s presidency, a sign of definite recognition of its stability by the old member-states).

Slovenia’s success is also seen in the level of its party system convergence index. The comparative charts on party system convergence, and political learning over the last two elections presented in chapter 3, place Slovenia quite high - much closer to the convergence level of West European states, than to the other East European countries. Slovenia is ranked number 8 out of 18 developing and developed democracies on average party system convergence, with only the Czech Republic performing better, being ranked 2 places higher (see figure 1 for details). On the change of party system convergence between the last two elections, Slovenia surpasses all its East European counterparts (including the Czech Republic) and is ranked 5th in increase in the party system convergence index. A more comprehensive look at Slovenia’s party system convergence levels during the post-communist period is reported in table 14 below.

Based on the data in table 14, the change in party system convergence between different

⁴Another issue of contention was the problem with the so-called ‘erased’ people, where the left stood for the right of these people to Slovenian citizenship and benefits, which was opposed by the right, and after another Constitutional Court ruling it ultimately resulted in a referendum where the victory was for the center-right bloc.

Table 15: Party System Convergence in Slovenia

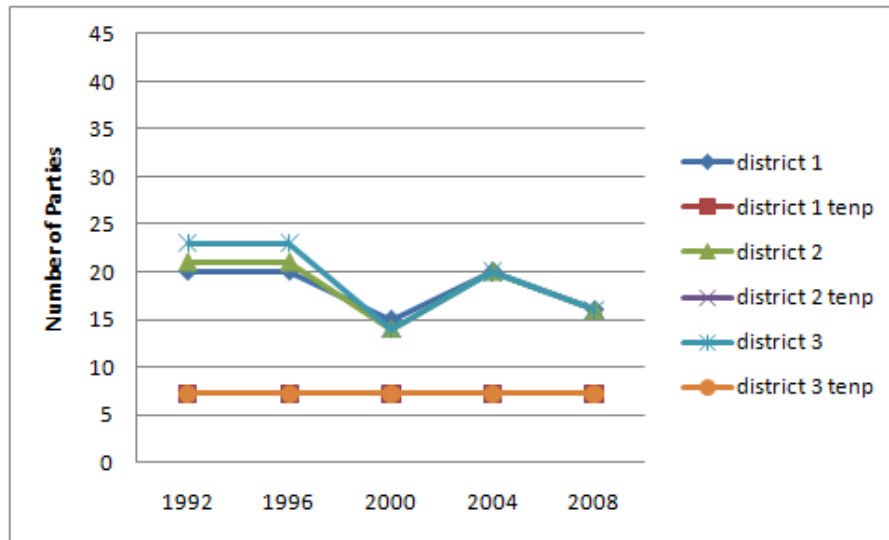
<i>District Name</i>	<i>Party System Convergence Index</i>				
	1992	1996	2000	2004	2008
Celje	-0.64	-0.64	-0.2	-0.77	-0.2
Kranj	-0.77	-0.77	-0.08	-0.77	-0.21
Ljubljana Bezigrad	-0.87	-0.87	0.22	-0.73	-0.19
Ljubljana Center	-1.2	-1.2	0.05	-0.78	-0.23
Maribor	-1.03	-1.03	-0.60	-0.74	-0.16
Novo Mesto	-0.71	-0.71	0.15	-0.57	-0.14
Postojna	-0.91	-0.91	0.06	-0.77	-0.21
Ptuj	-0.92	-0.92	0.10	-0.63	-0.19
Average	-0.88	-0.88	-0.04	-0.72	-0.19

Note: The party system convergence index is calculated by $1 - |1 - RN_{Pt} / TENP|$. PSCI equals 1 when the actual number of parties equals the *TENP*.

Source: Author's calculations.

election years can be calculated simply by subtracting year t from year $t+1$. The results for all 8 districts show that the highest level of party system convergence in Slovenia, took place between 1996 and 2000, when the party system convergence index increased by 0.84 on average. One can see from the column 4 in the table, that all but 3 districts exhibited positive levels of party system convergence in the year 2000, which hasn't been matched by any of the other East European country (except the Czech Republic). Between 2000 and 2004, the party system convergence index dropped on average by 0.69, which was expected due to the increased number of contestants in the 2004 election. As discussed above, the increased number of political contestants in 2004 drops in the following election, and therefore we see a rise of 0.53 units in the party system convergence index in 2008.

Figure 5 illustrates the convergence between actual and predicted number of parties in three Slovenian districts. Notably, elite members in Slovenia show that they act swiftly around the incentives presented to them - we have seen that they take every opportunity for additional competition, but quickly regroup themselves to enhance their electoral fortunes. We can see that in comparison to Bulgaria (figure 4) the gap between actual and predicted



Note: Figure created in Excel.

Figure 5: Party System Change in 3 Slovenian Districts

number of parties is much smaller⁵ Yet, as table 14 suggests further consolidation is needed to reach the positive convergence levels of 2000, as the results in 2008, albeit much closer to the TENP than they were in 2004, were a bit shy of the zero mark which was surpassed in 2000. Despite the 2004 downturn, on average, the level of party system convergence in Slovenia has been much higher than in the rest of Central and Eastern Europe.

In the next section I proceed with the analysis of party system convergence in Croatia, which shares a large portion of its political fate with Slovenia. Yet, its less fortunate development during the early years of the transition period had a strong effect on pulling the country back and slowing its European integration.

⁵The scale for the y-axis is retained from figure 4 to ease comparison.

5.2 CROATIA

The second former-Yugoslav country from my sample, Croatia, portrays a significant growth in its party system convergence index in the last two democratic elections, despite its ‘delayed’ start as a result of the independence war, and its slower progression toward membership in the European Union compared to the other three countries. In light of the project’s interest in the determinants of the number of parties, I discuss the political developments in the country during the 1990s, and analyze the party system trends in 2003 and 2007 to seek explanations for the high level of convergence, which stands out as one could have expected a country with Croatia’s history to fare worse than some of its neighbors. It should be noted, that the time-frame of the analyzed data is extremely short, however, as [Cular \(2000\)](#) points out, work dealing with political development in Croatia is rare, and the difficulty of controlling for the ‘peculiarities of the events around Croatia’ and the effects of the war on the local academic enterprise, contribute to the its exclusion from scholars’ comparative work. Thus, despite the small amount of usable data, exploring such an understudied country seems a worthwhile exercise.

Croatia’s political fate 20 years after the regime change differs remarkably from its former sibling-state Slovenia. We saw that despite some inter-party conflicts about the design of the electoral system, and the decade-long continual grip of power of the former Communist party, a strong consensus on the long-term goals of Slovenia helped the country to democratize graciously and quickly, and placed it at the top not only of the former Yugoslav republics, but also in front of all the other Central and East European states. Croatia, on the other hand, which followed Slovenia’s footsteps into declaring independence and establishing its own sovereign state, was torn by a decade-long war for independence during which the right political formation HDZ (Croatian Democratic Union) was in power. Tudjman, who’s ruling some refer to as having had an authoritarian character, despite being elected, and retaining power, within a democratic political system ([Cular 2000](#); [Kasapovic 2000](#); [FT2 2002](#)) led the HDZ and the country throughout the 90s.

Partly due to the perception of the international community that the first years of HDZ’s rule had authoritarian characteristics, as well as due to the raging war for independence, none

of the elections in Croatia held between 1990 and 2000 are considered free and fair ([Pickering and Baskin 2008](#)). The non-democratic nature of Croatia's political environment in the 1990s and early 2000s, is also acknowledged by the Polity score, where Croatia does not pass the 6-line mark⁶ until 2002. Still, three parliamentary elections took place during that time (1992, 1995, 2000) in continually changing electoral rules. While Slovenia was making attempts to move from proportional to a majoritarian system, Croatia was taking the reverse path. Kasapovic (2000, 13) reports four electoral changes since the overthrowing of the Communist regime to have taken place, moving the country from an 80 single-seat constituencies in 1990, to 10, 14-seat constituencies, allocated through closed-list proportional representation in 2000, gradually decreasing the amount of seats distributed in a majoritarian way over the years⁷. The electoral thresholds which parties seeking representation needed to pass also changed from 3% in 1992, to a variable threshold depending on the number of parties in a coalition with up to 11% for a coalition with more than 3 parties, to a common 5% level for all in 2000. Thus, after some additional changes, Croatia came to be a unicameral parliamentary democracy, with 153 members elected on the basis of proportional representation from 10 constituencies of 14 seats each, 8 seats being reserved for the minorities, and 5 members being chosen by the expatriates, or the so-called *diaspora*.

Similar to Slovenia, Croatia's change was initiated by its then Communist Party (which later renamed itself to Social Democratic Party, SDP) after a defeat of several proposals for independent federal republics, which both provinces (Slovenia and Croatia) supported at the Yugoslav level ([Pickering and Baskin 2008](#)). Unlike Slovenia, Croatia's first elections were won by the right Croatian Democratic Union (HDZ). HDZ remained in power during the entire war, and despite its leader's nationalistic ideas, which were seen as 'troublesome' and undemocratic by the international community, the party was perceived by many Croats as the party that "saved" the country. Pickering and Baskin argue, that the war (1991-1998) subordinated all political issues to homeland security, and allowed a cult of personality to

⁶The polity authority score captures the regime authority spectrum on a 21-point scale ranging from -10 (hereditary monarchy) to +10 (consolidated democracy), whereas countries scoring from -10 to -6 are considered autocracies, countries scoring -5 to +5 are considered anocracies, and countries scoring between +6 and +10 are considered democracies.

⁷Some scholars argue ([Cular 2000](#); [Kasapovic 2000](#)) that the frequent change of the electoral law was meant to serve the purpose of the ruling party - which during the entire time was the Tudman led HDZ.

develop around President Tudjman. Only after Tudman's death, and the later changes in the electoral law, we see a change in the domestic political scene - both the leadership changes hands, with the SDP for the first time in power, and more political parties entering the electoral race. The new government makes a final change to the electoral system, by limiting the powers of the president, and transforming Croatia into a true parliamentary democracy.

Apart from the unique path through which Croatia comes to being a multiparty parliamentary democracy, the country and its political elite do not respond to electoral incentives any differently than most other democracies do. In the 2003 election, which is the first election when the country is considered democratic by international standards, there were between 31 and 40 political parties participating in the electoral race (see table 15). While this is higher from the number of parties in 2000, it can be explained as a rational response to the changing electoral environment, which was amended last after the 2000 election, as well as to the increased interest in Croatia's political development after the war had ended. Both of these developments provide additional incentives for party multiplication to what the general theory can account for. The theory of political learning would explain the lower level of party system convergence as a result of the emergence of additional parties with Croatia's accession to the EU in 2003, yet the case study while confirming that, also shows that some country-specific developments may have an effect as well. It was shown by several accounts (including the Comparative Manifesto Project) that the political elite in Croatia, as in Slovenia, had no disputes on the international orientation of the country, although one could claim they differed in how to get there. More importantly however, the right and the left disagreed strongly on some domestic issues, such as the crucial vote of the diaspora. It is plausible that the fact that political power changed hands also served as a stimulus for new party formation if this was seen as an opportunity for new voices to be heard. These factors contribute to the increase in the number of political parties in 2003 (when compared with 2000 - not reported here).

The data on the number of parties reported above, also shows that against all odds, Croatia's politicians not only respond rationally to incentives (as the party proliferation in 2003 suggests), but they also seem to learn quickly from their experience. The last column in table 15 shows that the number of political contestants has dropped on average around

Table 16: District-level Characteristics of Croatia's Party System

<i>District Name</i>	<i>District Magnitude</i>	<i>Ethnic Heterogeneity</i>	<i>TENP*</i>	<i>RNPt</i>	
				2003	2007
Bjelovar	14	0.21	8.4	36	24
Karlovac	14	0.18	8.2	33	24
Osijek	14	0.12	8	30	23
Pazin	14	0.48	9.9	31	24
Sisak	14	0.31	8.9	30	23
Slavonski Brod	14	0.23	8.5	34	19
Split	14	0.1	7.9	35	25
Varazdin	14	0.06	7.7	31	25
Zadar	14	0.21	8.4	36	24
Zagreb	14	0.15	8.1	40	27
Average	14	0.20	8.4	33	24

Note: Ethnic heterogeneity is measured on a scale of 0 to 1, with 0 meaning perfectly homogeneous and 1 meaning perfectly heterogeneous. The *theoretically expected number of parties (TENP)* statistic is calculated by $(m+1)/(2-h)$, for more details see chapter 3.

Source: <http://www.izbori.hr/izbori/izbori07.nsf/FI?OpenForm>; Author's calculations.

30%, with between 19 and 27 entries in different electoral districts in 2003⁸. In 2007, we can see, that the number of contestants decreased, a change we also observe in the effective number of parties. In 2003 the ENP varies between 3.68 and 6.42 per district, while in 2007 it is between 3.04 and 4.87. Thus we see that losing elite members are leaving the electoral space, as the drop in the RNP signifies, but also voters are deserting losing parties, which is attested to by the decreasing ENP. This is likely a result of the party mergers that took place - several smaller parties united forces (for example the HSS, HSLS, ZS, ZDS bloc of parties contested the 2007 election together, while all of them ran on separate ballots in 2003) - or of parties leaving the electoral race (there are numerous examples here)⁹. Figure 6 shows the decreasing gap between the actual and the predicted number of parties from 2003 to 2007.

Compared to the rest of Europe, Croatia still reports one of the lowest average levels of

⁸The number of parties in both years has been slightly inflated as the count represents parties and independents, but since both elections were counted in a similar fashion, this does not affect the analysis in any way.

⁹For additional details see izbori.hr.

Table 17: District-level Effective Number of Parties in Croatia

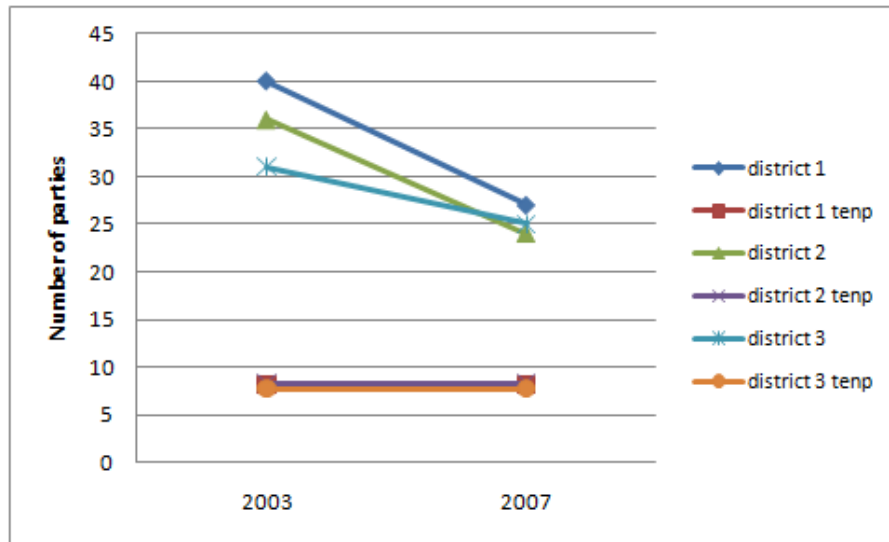
<i>District Name</i>	<i>Effective Number of Parties</i>	
	2003	2007
Bjelovar	5.56	4.08
Karlovac	5.41	3.7
Osijek	5.35	4.87
Pazin	4.53	4.05
Sisak	5.23	3.83
Slavonski Brod	4.73	3.74
Split	4.59	3.07
Varazdin	6.42	4.4
Zadar	3.68	3.04
Zagreb	5.61	3.54
Average	5.11	3.83

Note: The effective number of parties is the number of parties weighted by their relative strength; it is calculated by $1/(\sum_i^n p_i^2)$, where p_i is the vote share of party i .

Source: <http://www.izbori.hr/izbori/izbori07.nsf/FI?OpenForm>; Author's calculations.

party system convergence (it is ranked only above Bulgaria and Romania among the Central and East European states, figure 3.1), but in terms of growth in party system convergence it surpasses even countries like Hungary, the Czech Republic and Lithuania (figure 2). The district data for the level of party system convergence in 2003 and 2007 in Croatia is presented in table 16. One can see, that the average increase in the party system convergence index between 2003 and 2007 is 1.18 units, which is higher in absolute terms than the change reported in Slovenia (the latter's highest increase in the PSCI is 0.84 points, which took place between 1996 and 2000). Croatia still has far to go to reach its TENP, yet, we can anticipate higher levels of party system convergence in subsequent elections, especially given the fact that parties are not 'punished' by the electoral laws for coalescing any longer, and that the number of parties contesting together has increased substantially between the 2003 and the 2007 election.

The case studies show that the consensus on independence as primary political goal among the elite shaped the party systems in Slovenia and Croatia in the initial years, at



Note: Figure created in Excel.

Figure 6: Party System Change in 3 Croatian Districts

least in that while East or West was a major issue of contention for electoral competition in neighboring Bulgaria and the often regarded by Western analysts prospects for change and break from the past in Romania as pessimistic and unlikely (Craiutu 1999), in Slovenia and Croatia such debates never existed. Furthermore, the studies of Slovenia and Croatia provide a natural experiment of the role of initial electoral design on the development of a party system, by offering an example of two countries with a similar past, which start off with comparable party system development potential, yet drift far apart as a result of electoral rule choice and the powers and incentives it provides with it. We see Croatia still experiencing a surge of political parties in the mid-2000s as a consequence of nearly a decade of semi-authoritarian rule of a single party, under a strongly influenced by majoritarian rule mixed electoral system. Of course, the effect the war in Croatia had on its party system, and likely on the ruling style of the political party in charge, should not go unaccounted.

I further explore how imperative the initial start in regards to the powers and the positioning of the political parties emerging from a totalitarian regime, and their effect on the subsequent development of the party system is, with the case of Romania. Romania shows

Table 18: Party System Convergence in Croatia

<i>District Name</i>	<i>Party System Convergence Index</i>	
	2003	2007
Bjelovar	-2.31	-0.87
Karlovac	-2.06	-0.92
Osijek	-1.76	-0.88
Pazin	-1.14	-0.43
Sisak	-1.38	-0.59
Slavonski Brod	-2.01	-0.24
Split	-2.43	-1.17
Varazdin	-2.02	-1.24
Zadar	-2.3	-0.86
Zagreb	-2.93	-1.33
Average	-2.03	-0.85

Note: The party system convergence index is calculated by $1 - |1 - RNpt/TENP|$. PSCI equals 1 when the actual number of parties equals the *TENP*.

Source: Author's calculations.

a consistently decreasing level of party system convergence, despite the presence of factors which we expect to stimulate convergence, and thus presents an interesting case to examine. The following section explores possible explanations for this.

5.3 ROMANIA

The case studies of Slovenia and Croatia support the theory of political learning by showing that elite members respond rationally to the electoral incentives they face and that party system convergence in both countries increases over time. Furthermore, they reveal a causal mechanism of the effect of electoral rules on the number of political parties that cannot be easily observed in a statistical framework. We saw that the presence of a contentious issue, such as a debate about a major electoral change, can encourage additional party formation. However, the data suggests that elites adapt to electoral situations quickly, thus providing

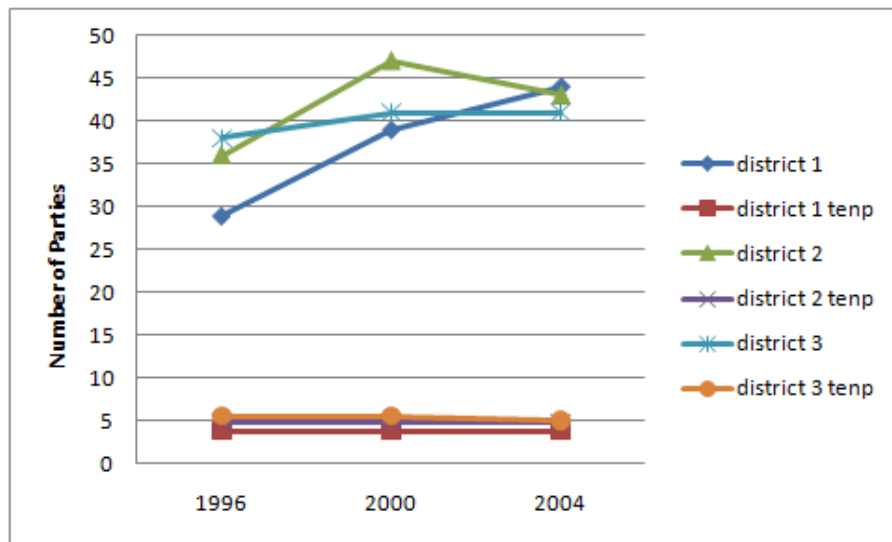
support for the overarching theory of political learning.

The Romanian case, however, provides a different story. A glance over the data on the number of parties contesting in different districts of the country (table 17 below), reveals that the Romanian party system does not perform in the predicted manner - it still has far too many parties, and their number continues to grow in subsequent elections. In addition to that, Romania is ranked at the bottom of 18 European states on average level of party system convergence and on average growth in the party system convergence index (see figures 1 and 2 for details). This poses an interesting puzzle to solve. What explains the decreasing level of party system convergence in Romania, given that factors which stimulate higher convergence according to the theory of political learning, are present?

To a large extent the answer lies in Romania's past. Unlike Croatia and Slovenia, which enjoyed a 'free-er' style of Communism, Ceausescu created a personality-centered dictatorial regime, which used austere measures to control the society, as well as every aspect of life. Failed economic policies drove the nation to extreme famine, which culminated in a violent overthrow of the dictator, and the public execution of him and his wife. A direct result of the Stalinist-type regime that developed in Romania was the lack of political opposition, which to the very end of the Communist regime was "on a very small scale, comprising of isolated nuclei and poorly structured groups" (Kuzio 2008). The Romanian Communist Party was the only political party in Romania in 1989, and after it was banned due to the lack of readily-developed opposition, which existed in every other East-European state, the void was filled by the quickly assembled National Salvation Front (NSF), which was in essence the old Communist party. The NSF won the 1990 elections, and after a split in 1992, one of its successor parties, Partidul Social Democrat (PSD), continuously held power until 1996. Similar to Croatia, the level of political freedom in Romania was questioned by the international and scholar community (Agh 1999), and prior to 1996 the country was considered undemocratic (Polity).

The 1996 election marked the first victory of the right. During the rule of the PSD, Romania transformed into a semi-presidential democracy, with a bi-cameral parliament. The lower house of parliament consists of 346 representatives, elected in 42 constituencies for 4-year terms. We can see from table 17 that multipartism was indeed present. The

data shows that between 21 and 49 political parties competed in 1996, which is a signal of a strengthening opposition, and the emergence of new political formations. While [Pop-Eleches \(2008\)](#) emphasizes the questionable authenticity of the ‘right’ orientation of the DP, a more troubling fact appears to be the rising number of political parties in subsequent elections. In 2000, we see the number of political parties rise to between 22 and 59 in a given electoral district. This is an average increase of 7 parties per district. The 2004 figures reveal that on average, the number of parties have only risen by 2, however the fewest number of parties that contested in a single constituency is 31, 9 more than in the previous election. The growing gap between the actual and the predicted number of parties in the period 1996-2004 is shown graphically in figure 7 below. This increasing trend in the number of political parties contradicts with the expectations set out by the theory of political learning, and the proposed factors of the general model do not explain the developments in Romania.



Note: Figure created in Excel.

Figure 7: Party System Change in 3 Romanian Districts

Why is this the case, and what does the high number of parties signify? [Mihut \(1994\)](#) argues that the multitude of political parties in the beginning of democracy (some sources note 110 parties in the early 90s) was a direct result of the low membership requirement (251 members), and of the provision of public funding (1994, 413). In a discussion of the

anomalies in the Romanian electoral system (Weyden 2006) finds on the other hand, a very complicated procedure for translating votes into seats, and the fact that votes are cast at the constituency level, but seats are distributed based on national calculation of the vote, could be a potential explanation. Similarly to Bulgaria, parties in Romania only get seats in the parliament if they have managed to secure at least the required threshold of votes counted as part of the national total - meaning that if a political party beats the electoral threshold in several constituencies, but does not secure enough votes to pass the threshold when national total is taken into account, it loses all votes.

These explanations seem plausible, but I would expect that in a rational setting elite members will be continuously updating their knowledge of the system, and the results of previous play, and this update would serve as a constraint for future electoral competitions. This would mean that political parties which get excluded due to the complex structure of the electoral law, will leave the electoral arena, and thus the overall number of competing parties, will decrease over time. This would signify the existence of political learning, as defined here. Romania, however, does not conform to this expectation. Table 21 reveals that there has been an average drop of 1.5 units in the party system convergence index per electoral district between the 1996 and the 2000 election, and an additional 0.96 drop for the 2000-2004 period. The magnitude of the drop is decreasing, perhaps signifying that some learning is taking place, yet it is premature to speak of learning in Romania at this point, given the large negative values of the convergence index, which are almost twice as large as those of Bulgaria.

I argue that the identical origin of most political parties occupying the electoral space can better account for the unexpected developments observed in the Romanian party system. What I mean is that when after a regime change, the political parties associated with the former regime position themselves across both the left and the right side of the political spectrum from the initial stage of a country's democratic development, despite a seemingly new governance system, in reality, not much has changed. We can expect such circumstances to encourage new party formation. The rationale here is that given that the main role of parties is representation, if the extant parties are viewed as similar and thus not very representative, elites might see an opportunity to enter. This could explain the ever growing

number of parties observed in Romania in the last 20 years.

As I mention earlier, Romania did not have a large dissident movement comparable to Solidarity in Poland ([Craiutu 1999](#)), or even to the civil society circles which had started to be active in Slovenia, Croatia, and even to some extent in Bulgaria, prior to the fall of the regime in 1989, and many consider the country's true beginning of democracy to have been with the 1996 election, which was won by the Romanian Democratic Convention (Conventia Democrata Romna) with 122 seats, while the PSD and the PD had 91 and 53, respectively. Interestingly, despite the Democratic Party (PD) portraying itself as opposition to the ruling until then PSD, both political parties have been born out of the NSF split in 1992. Thus, albeit PD's stand for more reformist views, in essence, both parties stem out of what used to be the Romanian Communist Party, which after being banned, was transformed into the NSF in the earliest stages of the transition period.

The similar background of the ideological past of the Romanian political contenders, had not faded away even in the election in 2004. In his article about the fate of the Communist successor parties in Romania, [Pop-Eleches \(2008\)](#) cites Traian Băsescu's, the 2004 presidential candidate of the center-right, rhetorical question posed during a television debate, of why the Romanian people are so cursed with having to choose among two former Communists: himself and the outgoing Prime Minister Adrian Năstase, from the center-left. [Pop-Eleches \(2008\)](#) further discusses two other political parties, which have strong ties to the former regime. The Socialist Work Party (PSM), whose founder as Pop-Eleches notes, openly proclaimed the party's links to the defunct Communist Party, unlike the NSF and its offshoots. Despite the NSF's 'off-shoots' hiding of their origin and ties to the past, the PSM was absorbed by the larger, and ruling at the time, PSD, in 2003. Another Romanian party which is strongly linked to the original Communist Party is the Greater Romania Party (PRM), a party of extreme nationalist character, which albeit being left out of the parliament in the most recent election held in 2008, has participated with an influential number of MPs in all previous parliaments, and now stands as the largest party which did not pass the electoral threshold. This confirms the proposition that having a majority of large parties sharing similar ideological pasts (PSD and DP being the two largest groups in parliament, and the PRM still ranking high whether in or out of the legislature), provides

an incentive for new political parties of different ideological past and orientation, to try to enter the saturated with former-Communists, political space.

While the behavior of Romania's elite runs in a different direction than the one predicted by the theory of political learning, data on the effective number of parties reveals that the voters behavior is in line with the theoretical prediction. Table 20 shows the effective number of parties per district¹⁰ and we see that the ENP decreases over time dropping from effectively 5 parties in 1996 to a little less than 4 parties in 2004. This tells us that while incentives for elites to continue to establish parties may still exist, there is a clear signal from voters that they prefer or choose to be represented by much fewer parties. The fact that the RNP and ENP are moving in different directions - the former increasing, the latter decreasing - signifies that electoral connection between elites and voters is broken or has never been established.

5.4 CONCLUSION

This chapter tests the political learning thesis, and the determinants of party system convergence, via in-depth analysis of three young Southeast European democracies. In chapter 4, with a case study of Bulgaria I showed that the main factors influencing the level of party system convergence are age of democracy, and institutional constraints, which alter the incentives for political competition, as the theory of political learning stipulates. In addition to the case of Bulgaria, here I offer case studies of Slovenia, Croatia, and Romania. These countries reveal more detailed explanations which support the general conjectures on party system convergence (in the cases of Slovenia and Croatia), or explain an unpredicted outcome which extends the developed theory (in the case of Romania).

I find that the viable proposition of a major electoral system change, has a strong negative effect on party system convergence, as a result of the establishment of new parties, which emerge due to the political contention. Thus, both in Slovenia and in Croatia, we observe

¹⁰Please note that the statistics for 2004 are all the same as I have reported the average ENP based on the total national results, as no district data was available for that election.

a surge of political parties. In Slovenia this happened when the result of a referendum for a majoritarian electoral system was overlooked by the ruling party, which was not a proponent of the proposed change, and in Croatia, when under the ‘democratic autocracy’ ruling of Franjo Tudjman, which lasted nearly a decade, his party refused to make the system proportional, and after the incremental changes made by the HDZ, proportional representation was entirely adopted only after HDZ’s defeat in the 2000 election.

The case of Romania, whose parties continue to multiply over the last 20 years, presents an interesting puzzle: why in the presence of most factors called for by the theory of political learning, the latter seems to be nonexistent? The analysis demonstrates that a potential reason for the continually growing number of political parties has to do with the fact that parties tied to the former Communist regime occupy the majority of the political space. I argue that the positioning of parties of similar background across the political space after a regime change has taken place, provides an incentive for a perpetual emergence of new opposition parties.

Table 19: District-level Characteristics of Romania's Party System

<i>District Name</i>	<i>M</i>	<i>H</i>	<i>TENP*</i>	<i>RNPt</i>		
				1996	2000	2004
Alba	6	0.18	3.8	29	39	44
Arad	7	0.31	4.7	36	47	43
Arges	9	0.03	5.1	38	41	41
Bacau	10	0.05	5.6	30	41	44
Bihor	9	0.48	6.6	29	36	42
Bistrita Nasaud	5	0.18	3.3	28	32	34
Botosani	7	0.02	4	28	36	41
Braila	9	0.05	5.1	35	46	46
Brasov	5	0.23	3.4	34	38	43
Bucuresti	28	0.06	15	49	59	50
Buzau	7	0.06	4.1	31	39	42
Calarasi	5	0.11	3.2	31	41	40
Caras-Severin	5	0.22	3.4	33	35	40
Cluj	10	0.34	6.6	31	45	44
Constanta	10	0.16	6	39	48	47
Covasna	4	0.4	3.1	22	26	33
Dambovita	8	0.06	4.6	37	44	40
Dolj	10	0.09	5.8	36	42	48
Galati	9	0.05	5.1	39	47	45
Giurgiu	4	0.08	2.6	33	36	39
Gorj	6	0.03	3.6	28	33	38
Harghita	5	0.26	3.4	21	22	32
Hunedoara	7	0.14	4.3	30	38	44
Ialomita	4	0.08	2.6	27	32	42
Iasi	12	0.04	66	33	44	43
Ilfov	4	0.08	2.6	29	44	46
Maramures	7	0.31	4.7	33	37	38
Mehedinti	4	0.08	2.6	31	37	44
Mures	8	0.56	6.3	36	33	40
Neamt	8	0.03	4.6	33	40	39
Olt	7	0.04	4.1	39	36	38
Prahova	12	0.04	6.6	29	46	45
Salaj	5	0.44	3.8	25	36	39
Satu Mare	4	0.53	3.4	33	31	31
Sibiu	6	0.18	3.8	38	39	42
Suceava	10	0.07	5.7	35	47	41
Teleorman	6	0.06	3.6	39	41	37
Timis	9	0.3	5.9	33	48	47
Tulcea	4	0.19	2.8	29	38	40
Valcea	7	0.02	4	30	36	40
Vaslui	6	0.02	3.5	31	33	41
Vrancea	6	0.04	3.6	35	36	39
Average	8	0.16	4.8	33	39	41

Note: Ethnic heterogeneity is measured on a scale of 0 to 1, with 0 meaning perfectly homogeneous. The $(TENP)=(m+1)/(2-h)$, for more details see chapter 3.

Source: Biroul Electoral Central; Essex University; Author's calculations.

Table 20: District-level Effective Number of Parties in Romania

<i>District Name</i>	<i>Effective Number of Parties</i>		
	1996	2000	2004*
Alba	5.37	7.13	3.94
Arad	5.49	6.59	3.94
Arges	5.53	3.28	3.94
Bacau	5.02	3.36	3.94
Bihor	6.99	6.98	3.94
Bistrita Nasaud	6.18	6.88	3.94
Botosani	5.9	3.01	3.94
Braila	5.55	7.26	3.94
Brasov	5.28	3.5	3.94
Bucuresti	3.83	5.42	3.94
Buzau	4.86	3.12	3.94
Calarasi	5.52	7.16	3.94
Caras-Severin	4.05	2.81	3.94
Cluj	5.53	7.67	3.94
Constanta	5.14	5.8	3.94
Covasna	1.97	1.75	3.94
Dambovita	4.62	3.51	3.94
Dolj	4.57	3.66	3.94
Galati	4.6	3.76	3.94
Giurgiu	4.74	3.65	3.94
Gorj	6.78	3.84	3.94
Harghita	1.5	1.43	3.94
Hunedoara	7.31	5.26	3.94
Ialomita	5.3	3.54	3.94
Iasi	5.47	3.83	3.94
Ilfov	7.4	5.26	3.94
Maramures	5.49	7.17	3.94
Mehedinti	4.62	4.31	3.94
Mures	4.82	4.37	3.94
Neamt	4.81	3.64	3.94
Olt	5	2.81	3.94
Prahova	4.91	4.98	3.94
Salaj	6.61	5.25	3.94
Satu Mare	5.07	6.2	3.94
Sibiu	5.9	8.04	3.94
Suceava	4.93	4.65	3.94
Teleorman	4.23	3.44	3.94
Timis	5.58	7.74	3.94
Tulcea	4.59	4.65	3.94
Valcea	5.77	3.16	3.94
Vaslui	4.07	3.35	3.94
Vrancea	3.81	2.8	3.94
Average	5.11	4.67	3.94

Note: The ENP is the number of parties weighted by their relative strength calculated by $1/(\sum_i^n p_i^2)$, where p_i is the vote share of party i. *The 2004 ENP statistic is a national average, as district results for percent vote were not available.

Source: Biroul Electoral Central; Essex University; Author's calculations.

Table 21: Party System Convergence in Romania

<i>District Name</i>	<i>Party System Convergence Index</i>		
	1996	2000	2004
Alba	-5.54	-8.14	-9.44
Arad	-5.61	-7.93	-7.08
Arges	-4.81	-5.34	-6.08
Bacau	-2.88	-4.66	-5.8
Bihor	-2.41	-3.47	-4.38
Bistrita Nasaud	-6.49	-7.71	-8.31
Botosani	-4.93	-6.91	-8.15
Braila	-4.83	-6.97	-6.97
Brasov	-6.6	-7.6	-10.69
Bucuresti	-1.17	-1.82	-1.34
Buzau	-5.52	-7.46	-8.19
Calarasi	-7.77	-10.92	-10.6
Caras-Severin	-7.79	-8.38	-9.87
Cluj	-2.29	-4.79	-4.64
Constanta	-3.98	-5.36	-5.86
Covasna	-5.04	-6.32	-8.56
Dambovita	-5.98	-7.48	-6.62
Dolj	-3.73	-4.69	-6.33
Galati	-5.61	-7.17	-6.78
Giurgiu	-10.67	-11.82	-12.98
Gorj	-5.88	-7.29	-8.69
Harghita	-4.09	-4.38	-7.28
Hunedoara	-4.2	-5.85	-8.23
Ialomita	-8.37	-10.29	-14.13
Iasi	-2.98	-4.63	-4.48
Ilfov	-4.19	-14.9	-15.66
Maramures	-7.3	-4.95	-6.03
Mehedinti	-3.95	-9.84	-14.9
Mures	-3.76	-2.75	-4.4
Neamt	-6.13	-6.76	-6.54
Olt	-3.88	-6.82	-7.31
Prahova	-6.12	-4.94	-4.78
Salaj	-5.8	-6.02	-8.14
Satu Mare	-4.93	-7.11	-7.11
Sibiu	-4.29	-8.14	-8.92
Suceava	-6.44	-6.25	-5.19
Teleorman	-4.88	-7.94	-8.25
Timis	-9.22	-5.42	-5.99
Tulcea	-4.56	-11.76	-12.48
Valcea	-6.49	-6.91	-7.9
Vaslui	-6.77	-7.33	-9.6
Vrancea	-11.73	-8.08	-8.92
Average	-5.47	-6.98	-7.94

Note: The party system convergence index is calculated by $1 - |1 - RN_{Pt} / TENP|$.
PSCI equals 1 when the actual number of parties equals the *TENP*.

Source: Author's calculations.

6.0 THE EFFECT OF EP PARTICIPATION ON NATIONAL PARTY SYSTEMS

...the Europeanization of political parties will be reflected in their response to the changes in their environments...

Robert Ladrech, (2002:395)

Learning is a process, and goals are multidimensional.

Karen Dawisha and Stephen Deeds, (2006:692)

In the preceding chapters, I develop an argument about political learning, and claim that as democracy matures and as political elite members gain more experience with what works and what doesn't, they learn how to compete more effectively in national elections. I show that age of democracy and repetitive experience with the constraints of the electoral competition have a significant effect on the party system development by bringing party systems closer to where we believe they should be theoretically. This is achieved by an endogenous process of learning. In addition to higher party system convergence being a result of democratic maturity and institutions constraining the electoral competition for national parliamentary elections, the analysis shows that the level of party system convergence is also affected by exogenous to the national parliamentary competition factors, such as the effect of international institutions on domestic politics. The theory of political learning proposes that participation in EP elections, or other EU-related events, disturb national party systems in the short term through additional incentives for political competition by raising new issues, as well as by creating a new outlet for political participation such as the EP. Consequently, if the number of parties increases, this results in a drop in the party system convergence index in election years which overlap with EU-related events.

The theory of political learning and the empirical analysis in chapter 3 model the short-

term effect of institutions on party system convergence. The model examines the level of party system convergence as a result of the institutional setting in a given election year. It shows how the level of party system convergence changes due to a change in the number of political parties triggered by one or more of the factors that the theory proposes. I argue that over time elite members, especially in new democracies, accumulate knowledge about the constraints they face in the electoral competition. However, every time there is a change, elite members face new constraints. In that sense, the political learning model is a model studying the short-term effects of institutions. An interesting question that stems from here is whether there are factors which can affect party system convergence in the long run?

I propose that one such factor is the European Union. More specifically, I argue that participation of different national political parties in a single European Party Group, could reduce the number of political parties at the national level in the long term. The argument of the reductive hypothesis proposed here is that in the long term cooperation at the supranational level could lead to cooperation at the national level. Coupled with elites' experience-based knowledge of the constraints of the national electoral competition, cooperation of ideologically close parties at the EU level could very likely encourage cooperation, manifested through party merger or pre-electoral coalition formation, at the national level.

One could wonder how can the short-term and the long-term effect of a supranational institution be different? The answer here lies in the specificity of the effect. While the short-term effect of EU events of the theory of political learning arguably offers incentives for new party formation, it has been shown that this effect is indeed a short-term effect which disappears (or the additionally created number of parties disappear) in the absence of such events. Furthermore, from the analysis of the theory of political learning we have seen that the number of parties decreases from election to election mostly as a result of smaller parties leaving the electoral arena or merging with others. At the same time, the parties which get elected to the European Parliament are often larger parties from the national political scene - those are either parties already in parliament, or gaining popularity new formations which have the potential to enter parliament and use the EP elections as a testing ground. Thus, if the reductive hypothesis proves to be true, and we observe EU-induced cooperation at the national level, this would further aid the party system convergence process, in that the

number of parties will be reduced not only by smaller parties leaving or merging with others, but also by larger parties cooperating with each other.

The reductive hypothesis is proposed with young democracies in mind, mainly because their party systems are still developing and the road to the EU is considered to have shaped their economic and political evolution to a great extent. Additionally, having more than two national political parties in the same EP party group is largely an East European phenomenon. I acknowledge the fact that the long term effect of the EU on the party systems in new democracies remains mainly theoretical at this point, given that so little time has passed since East European countries entered the Union. Nevertheless, there is some evidence, such as the Blue Coalition in the most recent national election in Bulgaria, that points in the right direction. I proceed with a discussion on the Europeanization of the East European party systems, and particularly, I look at what implications participation in the European Parliament has for the party system convergence in three of the new EU member-states - Bulgaria, Romania, and Slovenia - in the long term.

6.1 EUROPEANIZATION AND THE NEW EUROPEAN DEMOCRACIES

How does European Union membership affect the party-systems of developing democracies in the long run? It has been argued ([Cox 1997](#); [Dawisha and Deets 2006](#); [Duch and Palmer 2002](#); [Innes 2001](#)) that one of the conditions for political and economic stabilization of developing democracies is achieving stable party competition with minimal variance in the number of parties from one election to another. As previously noted, in a democracy, political parties are the prime mechanisms for integrating diverse interests in the governing institutions, regulating social conflict, formulating policy alternatives, and holding politicians accountable to the public ([Tavits 2005](#)). In systems with too many parties some, if not all, of the functions of political parties mentioned above are hampered, and democratic stability is jeopardized as a result. Therefore, as I argue in previous chapters of the dissertation, it is important for us to understand what determines changes in the number of political parties, and alters the party system as a result.

Several interviews with the country experts conducted in Bulgaria, suggested that the involvement with the European Union has an ongoing effect on the party system. The process of direct or indirect change in political systems, as a result of EU membership, is also known as *Europeanization*. Here, I look at the Europeanization of national party systems, and examine what long term effects the application and membership in the EU have on the number of political parties and party system convergence in the new democracies of Eastern Europe.

[Ladrech \(2002\)](#) argues that Europeanization generally refers to actors' responses to the impact of European integration, and in [Ladrech \(1994\)](#) he defines Europeanization as 'an incremental process of re-orienting the direction and shape of politics to the degree that the EC political and economic dynamics become part of the organizational logic of national politics and policy-making' (69). Yet, he notes, that there is still a lack of consensus on what the term exactly entails. Many agree that Europeanization describes a process of transformation *toward* the EU, or in other words, the impact 'Europe' has on the domestic politics of its member-states. As primary components of a state's political matters, political parties and their number, need necessarily be affected by the process of Europeanization as well.

How political parties are affected by the process of Europeanization is attested by the large literature on party politics of the EU. Scholars have looked at European Parliament (EP) party groups and their policy positions ([McElroy and Benoit 2007](#)). Others have focused on European policy orientation of domestic political parties ([Andeweg 1995](#); [Mair 2000](#); [Rohrschneider and Whitefield 2006, 2007](#)). Despite the growing literature on Europeanization and political parties, no study to my knowledge, puts the EU and national levels together to examine whether membership in the European Union and participation in the European Parliament, have any effect on the number of parties that we see in national political competitions. Given that many of the EU27 countries are still consolidating their democracies, it is reasonable to expect that their experience in the European Parliament will be translated in the domestic political arena, and thus affect the number of parties competing for the national legislature.

Current research suggests that the role of political parties to shape policy and offer

different policy alternatives to its voters, has been strongly diminished by participation in the European Union (Mair 2000). Nugent's (2003) classification suggests that 20% of the policy areas (trade, agriculture, market regulation, etc.) are determined by extensive or considerable EU involvement, and this number increases to well over half when we consider policy areas in which responsibility is shared between the EU and the member states. At the same time, scholars continue to study the diversity of policy preferences on European Integration politics by political parties, and find that contrary to intuitive expectations, smaller political parties, and parties which are on average more anti-EU in their platforms, do better at elections for the European parliament than at national elections (Hix and Marsh 2007).

These two strands of research suggest opposite affects of the EU on national party systems. Given Mair's logic we should expect that the number of parties at the national level diminishes due to the lack of policy alternatives to be offered to the public. On the other hand, as Hix and Marsh suggest, smaller parties do better at EP elections than they do at national ones; therefore, we can expect to see more or new parties to appear in the nationally held EP elections. Both of these expectations are valid, and consistent with a rational calculation by the actors involved - the difference being, that one suggests a decrease in the number of political parties contesting national elections, while the other implies possible multiplication of parties in the elections for European Parliament¹.

Most extant work on Europeanization and EP party groups refers to the 'old', West-European, member-states. A question that still remains unanswered is whether the same dynamics work within the context of consolidating democracies, such as the new EU member-states from Eastern Europe, and if they do, to what extent does that happen. Also, it is interesting to know whether there are any additional effects that Eastern European elites take home as a result of their work in the EP, that their Western colleagues do not.

I propose that there is a long-term effect of the EU on domestic party systems in new democracies in reducing the number of political parties that compete at national elections, as a result, among other things, of participation in the European Parliament. This expect-

¹ EP elections are held domestically, but many perceive them as 'second-order' elections where incumbents are punished or rewarded, or the opposition is trying out its chances before the following national contest.

tation is based on the following logic: first, if parties which have divergent platforms at the national level join the same party group at the European level, a case that is often seen, and on average occurs with greater frequency within East-European member-states², under a rational framework of analysis we can expect that these parties transfer “know-how” of cooperation, or develop similar views on certain aspects of politics, to the national level, and consider contesting national elections as a single coalition or party. Given Mair’s (2000) note that a substantial portion of national policies are now increasingly dependent on decisions made at the EU-level, and national parties cannot offer very different policy alternatives, Europeanization can serve as a converging factor for those consolidating democracies. Second, as [Hix and Marsh \(2007\)](#) point out, smaller and extremist parties tend to do better at EP elections, than they do at national elections. Therefore, we can expect to see small parties and perhaps independent members, who have not yet appeared on the national political scene either because they have recently emerged, or because they were unsuccessful in previous attempts to win national parliamentary seats, get elected to the EP. In either case, it is rational to expect that such parties or members might decide to join larger national parties in order to boost their chances of participation in the national political scene in the future. Thus, as argued previously in the dissertation, I expect the number of parties contesting national legislative elections to diminish overall, while at the same time, it is possible to see new or more smaller or extremist parties appear around elections for the European Parliament due to their better performance at such events.

So far I have examined the number of parties at the district level which is the level at which national competitions happen. For the European Parliament elections, countries are considered as single districts within which national parties wishing to send representatives to the EP compete. The study of the national electoral data of Bulgaria, Romania, and Slovenia, similarly to the district data results, reveals a general downward trend in the number of political parties contesting national elections since the beginning of the transition period

²On average, no West European country has more than two national parties joining the same EP party group (with few exceptions - Italy’s ELDR members, Belgium’s EPP and Greens members, UK’s Greens members, and Denmark’s members of the GUE), while we see up to four different political parties from Eastern European countries joining the same party group at the European level (Czech’s EPP members, Poland’s and Latvia’s EPP members, Poland’s PES members, etc.). Source: [McElroy and Benoit \(2007\)](#) 2004 data.

and shows that there are kernels of EU-induced cooperation despite the short time frame of the East European countries' EU membership. In the absence of the EU-membership factor 'control' countries show that less cooperation exists among extant parties and the total number of parties competing at national elections can increase. The "EP elections as 'trial' elections" trend suggested by the literature is also present, as some of the countries see newly emerging political parties for which the EP election is the first election that they contest. This suggests that elite members are utilizing much more than just the electoral characteristics of the district when they decide whether, and how to compete for office, and points to the fact that despite the short time span of on-hands experience with the EU, the latter is producing the effects proposed by extant theories. Thus the effect of the EU on domestic politics is worth exploring further in the context of its influence on developing party systems.

The chapter continues as follows. The next section links the existing theories of Europeanization and the determinants of the number of parties in the context of developing democracies and the European Parliament. Following, is the empirical section, which presents three short case studies that elaborate on the effect of the EU, and EP elections in particular, on increasing the level of party system convergence in new democracies. I conclude the chapter with a discussion of the findings, and discuss possible extensions of the reductive hypothesis in future research.

6.2 THE REDUCTIVE HYPOTHESIS

What is the effect of the current membership and the process of becoming a member of the EU, on domestic electoral competition? How does the participation of national political parties in the European Parliament affect the dynamics of the party systems of these new democracies at home? I argue that in the long term EU membership could help the reduction of the number of political parties which compete in the new democracies, and that it has a stabilizing role for the consolidation of the party systems in these countries overall.

I expect that the number of political parties contesting national elections will decrease

further as a result of the simultaneous work of a few dynamics related to the long term effect of the EU on national political arenas. First, given the argument that a substantial portion of today's national policies of EU member-states are influenced by decision-making at the EU level (Mair 2000; Nugent 2003), when parties which compete separately at the national level join the same party group at the EU level, we can expect some of these parties to cooperate at the domestic level as a result of their EU-level cooperation. Second, based on the assumption that political parties' primary desire is to be in office, being part of a larger (umbrella) party increases the chances of parties to get elected, therefore in unconsolidated democracies where there is still 'moving around' the electoral spectrum, parties cooperating at the EU-level are likely to merge and/or cooperate at home, which will decrease the overall number of competing political parties in the system. Furthermore, the larger a party is, the higher its chances of being able to form a long-lasting government. By receiving a larger portion of the popular vote due to its size, a winning party will either not need a coalition partner because it will have collected a majority of the votes, or it will need smaller and fewer coalition partners, which will decrease the likelihood of conflict, and thus increase the life of the government. The latter is one of the primary shortcomings that developing party systems still suffer from. Conversely, even if we begin the analysis assuming that parties are more interested in policy outcomes than in induced politicians' rewards, such as holding office, it still makes sense that parties which are not very far from each other ideologically, will have a greater chance achieving their policies operating as larger wholes, rather than smaller parts. Finally, smaller or new parties, as well as independent legislators, that got elected to the EP but not to the national legislature, also have an incentive to seek a merger with larger national parties, which will increase their chances at the national electoral contest. This expectation is consistent with Hix and Marsh's (2007) finding that smaller and extreme parties do better at EP elections than they do at national elections. Even more, the expectation that parties might merge at the national level reflects the idea that politicians view EP elections as second-tier, or trial elections (Reif and Schmitt 1980), in which we might see new parties appear. All of these arguments suggest that EU-induced cooperation of ideologically close political parties could result in further reduction of the number of parties contesting domestically, beyond what the short-term electoral analysis of

previous chapters suggests.

One may wonder why strategic politicians who form new groups in spite of ideological affinities, as the multitude of political parties existing in many countries suggests, would have an incentive to merge or cooperate on ideological grounds as a result of participation in the EP? Further one may ask, what makes this any different than the dynamic between two parties absent the EP? The answer here lies in the fact that the EP has a limited number of party (ideological) groups among which national parties of member-states which have won representation in the EP must choose from. There are three large EP groups with clearly right, left, and center ideologies. As a result if more than one right-wing or left-wing party of any member-state gets elected to the EP they will inevitably join the same group. Thus, by its design, the EP serves as a catalyst for cooperation among ideologically close parties that are also office-seekers, which for one reason or another have not contested under the same ballot domestically so far. Absent the EP factor ideologically close parties have fewer opportunities to transform their ideological affinity into winning more seats at elections.

The effect of Europeanization on political parties and electoral competition is a more recent phenomenon in the academic debate ([Ladrech 2002](#), 393). Nevertheless, it has already attracted both ‘vertical’, and ‘horizontal’ research on the subject. Vertical studies compare the EU and the domestic levels, and study the effect the EU has on national politics ([Andeweg 1995](#); [Mair 2000](#); [Rohrschneider and Whitefield 2006](#)), while horizontal ones focus on the national or the EU level developments alone ([Baun et al. 2006](#); [McElroy and Benoit 2007](#)). Baun et al. (2006) question the Europeanization of Czech politics executing a comprehensive study of the voting behavior during the Czech referendum for EU membership. They show that supporters of pro-EU parties overwhelmingly voted for EU membership, while supporters of anti-EU parties opposed it. This, they argue, is evidence of the important influence of political parties on voter choice (264). The study provides district level voting data, although there is no systematic data of parties’ preferences toward the EU presented.

Similarly, but in much more systematic manner, [McElroy and Benoit \(2007\)](#) study the policy positions of the seven established party groups of the European Parliament. Basing their conclusions on an expert survey where experts are asked to identify the policy positions of each EP party group on eight specific issues, [McElroy and Benoit](#) find that most EP party

groups' positions on the more general left-right scale, reflect the central tendencies of their constituent parties. They further discover that despite their different positions on specific issues, party groups' preferences cluster along two general dimensions - a classic left-right social and economic dimension and an EU vs. national powers dimension. The study offers an extensive appendix of EP party group national party membership, and contributes to our understanding of the determinants of the party groups' policy positions at the EP level. Nonetheless, the question of how participation of national parties with divergent political views at home in the same EP party groups at the EU level, affects the domestic political competition, is not centrally discussed.

Andeweg's (1995) study a decade earlier, partially looks at the connection between the EU and national party systems, trying to explain why there is such a low turnout at EP elections. He challenges the prevailing explanation of a 'democratic deficit' of the EU (which claims that low accountability and reciprocity of the EP legislators toward their national electors discourages voters from participating in EP elections) arguing that, rather, the disconnect between national parties, and their own constituencies, on the issue of European Integration, is to blame. Andeweg matches the positions of parties and party voters on the issue 'for or against European Integration', and finds that only Greece shows an exact correspondence between the parties' representation and the party voters' preferences on the issue. All other countries exhibit small or large incongruence between the rank-ordering of parties and party voters on the issue of European Integration (64).

What Andeweg (1995) finds is interesting and quite important. His study leaves a mark on the EU and parties literature to follow - both his starting point, low voter turnout at EP elections, and his conclusion, that there is a disconnect between political parties and their own constituencies, have been attested to in subsequent research ([Hix and Marsh 2007](#); [Mair 2000](#)). Yet, his study along with most of the other cited works, does not shed light on the effect of EU participation on national party systems. [Mair \(2000\)](#) is an exception. He begins to examine the connection between EU integration and national party systems by studying the voting patterns of the EU12 countries on the issue of European Integration. He finds support for the EU in about two-thirds of the voters from different political parties and a small, but steadily present, percentage voting against EU integration. Mair notes, however,

that out of the 140 new parties which emerged between 1960 and 1998 in the European countries, only 3 have been specifically established to mobilize for, or against, the EU. Since parties do not use the EU issue to mobilize, and decision-making at the European-level involves much more the parties and their bureaucracies than it does voters, Mair concludes that there is a turning away from traditional politics (29). He argues that the traditional role of the political party as an advocate of popular demands has diminished over time, and this is further reinforced, he argues, with the deepening of EU integration and the Europeanization of national politics.

I agree with Mair's point that the traditional role of the party as a public agent is changing, however I suggest that the effect of Europe on the developed European member-states, and the new member-states of Eastern Europe is different, and it warrants our attention. First, since East European democracies are still very young and their party systems are still vibrant and changing, a spill-over cooperation from the European parliamentary arena to the national ones would be natural, as the reduction hypothesis developed here suggests. Second, it is too early for us to speak of Europeanization of the political parties of Eastern Europe *per se*, and to expect very different stances on the pro or anti-EU dimension in these new democracies. The latter is due to the fact that joining the EU has been a top foreign policy priority for many of the former communist states in the last two decades and even left parties (the former Communist parties in these countries), which would normally be expected to oppose integration, have been promising EU membership as primary goal in their election platforms (for a spatial analysis of East European party positions on the pro/anti Integration issue see Rohrschneider and Whitefield 2006).

Further the EU-effect has 'hit' the countries of Eastern and Western Europe at different stages of development of their party systems, hence, the result, at least in the beginning, is likely to be different. Therefore, the initial role that the European Union plays in a given state's national politics is a key factor that differentiates East and West European countries. Most of the EU15 countries have had well-developed, free market economies when they joined the EU and even the poorest among them (Greece, Ireland, and Portugal) exceeded the economic performance of all East European member-states at the time of entry. Furthermore, the majority of the 'old' EU member-states have a history of experience with

democratic rule, which the new member-states lack. Rohrschneider and Whitefield (2006) mention this stating that given their historical background, a lot of the East European states have sought EU membership as a way to strengthen their markets and stabilize their democracies, and thus re-enforce their parting with the communist past.

I argue that part of the stabilization which Rohrschneider and Whitefield (2006) argues that the EU brings, comes through the political knowledge which elite members participating in the European Parliament party groups get. As I propose at the beginning of the section, I expect that national political parties which are members of the same EP party group, are likely to cooperate domestically as a result. In addition, we could observe political parties which emerge around an EP election and do not get elected merging with other parties in order to achieve better results in the following national election. Such events will decrease the total number of competing parties, and thus bring the party systems closer to where we expect them to be in theory.

The rationale behind the reductionist effect that the EP can have in the long-run is rooted in the spatial and electoral and party systems literatures. Spatial models of party ideology (Shepsle 1991), and the electoral and party systems literature (Duverger 1954), suggest that under rational expectations when there is policy convergence, it is likely for parties to merge. This expectation is based on the incentives provided by the potential wasted effort phenomenon³. Although spatial models were originally built under the assumptions of plurality voting systems where winner takes all, similar dynamics are likely to occur in proportional voting systems where many parties are present. Duverger refers to the merging of parties as a result of their understanding of the electoral game as *fusion*.

A *fusion* effect is likely to happen in proportional systems for two reasons: given that parties have grown closer in their policy preferences, merging together increases their chances of forming government (as the likelihood of receiving the highest proportion of the vote increases). Additionally, it decreases the chance of new party formation (as it closes the

³Used first by Duverger (1954) the wasted effort phenomenon refers to political elite members who contest elections under parties that are bound to lose. According to Duverger's Law, in plurality systems every party in addition to the first two largest parties are destined to lose, hence there is no rational incentive to have such parties if the goal of the politician is to get elected to office. Cox (1997) develops the problem under a PR rule, by setting a ceiling boundary of $M+1$, where M is the electoral district size. He claims that if there are more than $M+1$ political parties competing, both votes and candidacies will be wasted.

ideological space between parties, thus they can collect all potential votes from the enclosed between them area). The latter is an important incentive toward reducing the number of parties in consolidating democracies, since the addition of a new party further fractionalizes the party system, and contributes to the wasted-candidacy/wasted-vote phenomenon. I advance this logic to the effect of participation in the European Parliament on national party systems.

To illustrate the idea behind the *fusion* effect, imagine that P1 and P2 are two hypothetical political parties. At the national level, P1 and P2 have distinct policy preferences and are separate parties, while at the European level they have joined the same EP party group. The reductionist effect of the EU on national party systems in consolidating democracies proposed here, suggests that it is likely for P1 and P2 to merge at the national level, as a result of their cooperation in the EP. As discussed earlier, the incentives behind such a move are based on the following two dynamics: first, participating in the same EP party group suggests that parties have similar ideologies, therefore merging at the national level is a naturally strategic move. By merging they will close the ideological space between them (regardless of whether they are currently represented in the national parliament or not), therefore making it impossible for another party to emerge and ‘steal’ the electorate situated in-between; second, by merging parties increase their size and thus increase their chances of receiving larger representation which can enable them to seek few or none coalition partners, if they are to form a cabinet. If they do not have enough votes to form a cabinet, merging increases the magnitude of their legislative influence (larger groups have more influence on the course of legislation). It is important to bear in mind however, that the intervening factor largely aiding potential party mergers or cooperation at the national level is the EU-level cooperation to which national participants are exposed (almost without an alternative) due to the limited number of EP party groups national representatives can join.

In chapter 3 I argue that a number of factors contribute to the level of party system convergence. In particular, I show that age of democracy has a positive and more profound effect on the level of party system convergence in young democracies, which signifies the proposed elite learning of the mechanics of the specific characteristics of electoral units. Furthermore, my analysis shows that party system convergence can be increased via institu-

tional design of the rules for electoral competition. I find that increasing the signature and deposit requirements by a thousand, increases the level of party system convergence by 0.38 and 0.15 respectively. The analysis also suggests that the immediate effect of EU-related events, such as national elections coinciding with EU-entry, EU formal accession date, or EP elections, is negative, as it stimulates additional competition. In the long-run however, participation in the European Parliament or the process of applying for EU membership may further stimulate the reduction of the number of parties, which would contribute to higher levels of party system convergence.

To test this proposition, I look at how the process of EU accession and subsequent membership in the Union has affected the party systems of Bulgaria, Romania and Slovenia. The next section proceeds with the case studies of each of the three countries. I use the case of Croatia to show that the potential cooperation between ideologically close parties which can occur as a result of EP participation as the reductionist hypothesis proposes is not observed in the absence of EU membership. I conclude the chapter with a discussion of the results, and provide guidelines for future work on the subject.

6.3 EMPIRICS

The organizing principle of the European Parliament party groups is ideology, not national delegation ([Carter et al. 2007](#)). Even though a certain number of nations must be represented in each group for the group to exist, and ideological affinity and national representation are bound to create some intra-group disagreements, ideology remains the main factor national political parties consider, when choosing which EP party group to identify with. As a result, sometimes more than one national political party joins the same EP party group. This phenomenon, as argued in the theoretical section, can alter the dynamics of domestic political competition beyond the short-term institutional effects shown to matter thus far, especially in consolidating democracies, where the emergence and dissipation of political parties is still commonplace.

I use three short case studies to examine the long-term effect the EU and EP partici-

pation, in particular, have on national party systems of developing democracies. The case studies are predominantly qualitative in nature, and trace the effect that accession to and membership in the European Union, have had on the national party systems' development in three Southeast European states. Bulgaria, Romania, and Slovenia provide a useful sample of countries with some variance among the factors related to EU membership - formal application for membership, signing of the Association Agreement, beginning of the negotiation process, number of EP party groups a state participates in, number of national parties per EP party group, and historical past. The set provides an interesting group of countries each with a unique communist past, and a different path towards Europe, resulting in two waves of membership, and quite different levels of party system convergence, as previous chapters attest. A short analysis of the party system of Croatia is presented as a control, showing its developments in the absence of the intervening factor of EU-membership. To further support the proposed reductionist effect of EU-induced cooperation I draw on evidence of party system development in Norway (not a member of the EU) and Latvia (an EU member-state) at the end of the section.

6.3.1 The Case of Bulgaria

The effect of the EU on Bulgaria's political life started as early as the mid 1990s. A European Association Agreement, with which Bulgaria formally expressed interest in becoming a member of the European Union, was signed in 1993 but took into effect only in 1995. According to Dimitrov (2003), however, adequate reforms were not taking place and he speculates that the socialists were in reality taking active steps towards steering Bulgaria away from its attempt to re-connect with the West. During the first years after the transition, and almost exclusively until 1997, with a short intermissions of a right-led and an opposition-led interim government, the country's political path was directed by the Bulgarian Socialist Party (BSP)⁴. In that time period, the country was politically and economically unstable with deteriorating conditions (for a detailed analysis of the dying state, and the communist

⁴The Bulgarian Socialist Party consisted of the members the former Communist Party and is also retained the structure and national organization of the Communist Party. As a result it emerged as the sole highly institutionalized party in the Bulgarian political spectrum.

apparatus for continual robbing of state property and businesses see Ganey 2007). Only after ‘Bulgaria’s January revolution’ of 1997 the socialist government resigned and the democrat opposition formed a single party cabinet led by Ivan Kostov as a result of winning a majority of the votes in the legislative election that followed. The Kostov cabinet served a full tenure and pursued aggressive policies towards re-establishing Bulgaria’s primary political goals - accession to the EU and NATO.

The Commission issued its first Progress Report on Bulgaria’s advancement toward EU membership in November 1998. The second Progress Report, published in 1999, recommended the beginning of negotiations. As a result, negotiations with Bulgaria formally opened on February 15, 2000. The Kostov cabinet managed to substantially move Bulgaria forward, yet the politics it used to achieve that progress were met with strong dissatisfaction by the general public. As a result the United Democratic Forces (UDF) lost the 2001 parliamentary election, which as I argue in chapter 4, was a major factor contributing to the subsequent split of the party.

In 2001 the EU, which had been an issue of electoral contention between the parties during the first phase of the transition period, no longer held this position - there was consensus, at least on the ‘books’, that the European Union is Bulgaria’s future. The question had become ‘who can deliver’.⁵ A newly formed movement (NDSV) led by Bulgaria’s king in exile, Simeon Sakskoburgotski, won the election. The victory of the NDSV in 2001 could be attributed to a retrospective vote (Fiorina 1981) of the citizens, who gave a clear signal to the elite that they were tired of the ideological battles between the left and the right, and the negligent improvement of living standards. During the government of NDSV two important steps toward Bulgaria’s membership in the EU were achieved - negotiations were completed on June 15, 2004, and the European Council confirmed the completion later in the year, and expressed its desire to welcome the country as a full member of the Union in 2007.

Despite the accomplishments in the progress toward EU membership, NDSV was contin-

⁵Remarkably, even the Socialists (BSP) had changed their platform to include pro-European ideals. Stoyanov (2006) argues that BSP’s external contacts with the Party of European Socialists (PES) and Socialist International (SI), which were used as a revival tool for the politically isolated party after its loss in 1997 (also noted by Spirova 2008), indicated that the ex-communist party was trying to overcome its authoritarian past and re-emerge as a modern, Western, left-wing party (199).

ually losing popular support as the clock for the 800 days promise⁶ kept ticking, and there was little the party could show for it. Consequently, much like punishing the UDF in 2001, the voters punished NDSV which performed marginally in the 2005 election.⁷

The 2005 election saw the formation of the first xenophobic party in Bulgaria, Ataka, which coincided with the international turmoil created by Le Pen's nationalist supporters in France. It also gave rise to the emergence of Euroscepticism in a country, which had only seen formal support for the EU thus far. Interestingly, the establishment and popularization of Ataka followed closely after the EP's decision in favor⁸ of Bulgaria's membership to the European Union in the spring of 2005. It can be argued that the formation of Ataka is one of the signals that EU membership has an effect on national party systems, especially in countries where certain issues, such as Euroscepticism in Bulgaria, have not been politicized thus far.

Mair's (2000) argument that Europeanization has diminished the traditional role of the political party due to most EU policy being decided at the supranational level and therefore the number of issues on which parties can offer different stands being reduced as a result, does not seem to hold when we think of Euroscepticism, and especially its rise in the new EU member-states. In Bulgaria for example, we see a widespread support for the EU at the beginning of the transition period and during most of the negotiation period, with the first kernels of anti-European, nationalist slogans appearing only after Bulgaria's membership in the EU was approved. As Bulgaria's membership in the EU became a confirmed fact, so did the additional opportunities for electoral competition, both domestically on the anti-EU issue, and internationally at the EP level. Therefore, the emergence of Ataka is a logical and quite timely result.

The effect of the EU on the Bulgarian party system has only been systematically studied by [Stoyanov \(2006\)](#) who concludes that so far the EU accession has not had a clearly defined

⁶As part of its 2001 pre-electoral campaign, the largest promise that NDSV gave to the public was that it would restore economic prosperity in the regular person's home in the 800 days it will be in office. The 800 days slogan gained so much popularity that once in office the party could not escape daily attacks in the media, which was counting the days as they went by, and was closely watching the progress made toward the given promises given.

⁷NDSV was defeated by the Socialists, receiving only 21.8% of the popular vote.

⁸The European Parliament voted for Bulgaria's membership with 522 votes "for", 70 votes "against", and 69 "undecided". The vote took place on April 13, 2005.

impact on Bulgaria's political life. Although, Stoyanov is one of the first scholars to write on the subject and he executes the study well, I would argue that his conclusion of unclearly defined impact is to a large extent a result of the design of his study. He looks at whether there is a diversification for or against Europe in a period during which the country is applying for membership. His study carries confirmatory importance, and can be used as a starting point for future research, as it shows a trend which is likely to be expected in a candidate country. Rohrschneider and Whitefield (2007) show evidence of 10 East European states' and the pre-accession party stances on European Integration. Based on a survey conducted in 2003 and 2004 the eight countries which joined the Union in 2004, exhibit much more variance in elite preferences, than do Bulgaria and Romania which at that point were still on the uncertain road of potential membership. The examination of parties' EU policy stances could be a promising area for research in the years to come, as new member-states gather some speed in fully participating in the EU institutions and decision-making processes.

When we change the unit to be examined, the answer to the question whether the process of accession to the European Union has had an effect on the Bulgarian political system looks different. As suggested in the theory section of this chapter, one of the key issues for all transition democracies is achieving party system consolidation, which is a prerequisite for stable political competition. To see then what effect the process of accession to the EU has had on Bulgaria's political life, it is necessary that we look at the developments of the party system⁹.

In chapter 4, I provide evidence that the number of political parties contesting at the electoral district level in Bulgaria has been steadily decreasing since the 1994 election. There I argue that the reason why we see fewer parties in 1991, than we do in 1994, is that the first election classified as democratic saw parties primarily from the larger cities where opposition and dissident movements had already gained speed, while it took smaller and regional parties until the second round of elections to start appearing on the electoral arena. The same

⁹Recall that the main determinant of the number of political parties identified by the party systems literature is the district magnitude. However, as I argue in chapter 2 and here, there are factors beyond the district-level constraints that we need to consider. I show that party system convergence increases as democracies mature, and propose that in addition to the short-run effects of learning electoral constraints, competition rules and international institutions, the involvement in supranational institutions can have a long-term effect on the party system as well.

dynamic holds when we look at the party system from a national perspective. The data in table 22 reveals that there were slightly fewer parties registered in total for elections in 1991 than there were in 1994, and that after 1994 the number of elective parties falls in 1997, and it further decreases in 2005, and 2009.

When looked through the national lens, the 2001 election has had the highest number of parties registered to contest for legislature. The high number of contestants in this election can be attributed to the joint action of two factors - noted popular dissatisfaction with the politics of the Kostov cabinet and weak gate-keeping by the electoral law for eligibility of contestants, a factor I discuss at more length in chapter 4, which together create an open door for new, or transformed, contestants to seek office. It is important to note however, that when we look at the data at the electoral district level, the highest number of political parties that contested in any single district in 2001 is lower than the highest number of parties that contested in a single district in 1997. Both the national and the district data suggest the existence of political learning - at the national level the overall number of parties is larger than the preceding election because elite members are reacting rationally to the two incentives mentioned above and the parties competing in districts are not all the same (until 2005) thus showing a higher total number of parties; at the district level some parties which have seen that they could not get elected in 1997 have left the electoral race in 2001, which in turn lowers the number of parties competing at each district as chapter 4 portrays.

The data in Table 22 reports a 59% drop in the number of elective political parties between the 2001 and 2005 election, and a 42% overall drop between the number of contestants in 1991 and those in 2005. Although the decrease in the number of parties in 2005 is likely due to the change in the law about requirements for political parties and participation in elections which I discuss in chapter 4, a substantial portion of the party system shifting can also be an indirect consequence of the accession path of Bulgaria to the EU, and the related transnational party cooperation that began to occur after the late 1990s. These offered an additional venue for Bulgarian politicians to gain know-how on effective political competition, as I argue earlier. The United Democratic Forces (UDF) established close contact with the European People's Party (EPP) as early as the mid-1990s, and became an associate of the party with an observer joining the EPP-ED group prior to Bulgaria's membership in the

Table 22: The number of political parties in post-communist Bulgaria, 1990-2005

<i>Election year</i>	<i>Parties Contesting</i>	<i>Parties Elected</i>	<i>Return Ratio</i>
2009	18	6	0.333
2005	22	7	0.318
2001	54	4	0.074
1997	39	4	0.102
1994	48	4	0.083
1991	38	3	0.078

Note: Table reports the total number of parties that existed nationally (combining parties that contested in every district) and were elected to the national legislature. The return ratio is a statistic that shows the ‘electability’ within the party system by calculating a party’s chances of getting elected (for full definition see p.203).

Source: Central Election Commission, Bulgaria.

EU ([Stoyanov 2006](#)). Stoyanov also notes that the Bulgarian Socialist Party (BSP) sought external contacts with the Party of European Socialist (PES) and Socialist International (SI) after its electoral defeat in 1997 seeking to re-establish itself as a modern left-wing party.

Electoral defeat, and the country’s steady movement toward EU membership, created incentives for small political parties to either merge with larger, more established parties, or to leave the political scene altogether. An example of party rearrangement which took place in the last two legislative elections and the first EP election in Bulgaria, can be given by the various factions of the Bulgarian Agrarian People’s Union (BAPU or BZNS). In the 2001 election, variants of BZNS contested the competition under five different political parties or coalitions, in 2005 under three different coalitions, and in 2007 during the EP election under one. A left-wing coalition, Coalition for Bulgaria, led by the Bulgarian Socialist Party, also gathered a few smaller parties from the previous election under its wing, and thus managed to double its popular support (it received 34% in 2005 as opposed to the 17% in 2001). Part of the decision of smaller parties to join the BSP could be explained by their aspirations to be represented not only in the national government but to also have the benefits of belonging to a larger international political group (for example being part of a larger political ideological

family, as the Socialist International, which provides accreditation, wider network, and know-how). Evidence of the effect of the application for EU membership, and the desire of parties to be acknowledged internationally, is also present in the interviews from Bulgarian experts analyzed in chapter 4. Several respondents note that the application to the European Union has had a large influence on Bulgaria's political scene.

The developments around the first EP election in Bulgaria, also present an interesting phenomenon with the emergence of a new right-wing political party, GERB. As Hix and Marsh (2007) suggest, EP elections can be seen and used as testing grounds where new or smaller parties appear. GERB fits this description. The party was formed closely prior to the election, and as expected by the media and the public it took a slight victory over the winner of the latest national election, BSP. With 21.68% (compared to the 21.41% of the BSP), GERB sent five representatives to the European Parliament (see table 23 below). The party which was established by the incumbent mayor of Sofia, came as an alternative to the 2005 left-wing government and as an aid, or a new face of the opposition - since by that point, as the detailed account of Bulgaria's politics in chapter 4 suggests, the once strong right (UDF) had split into several smaller parties, and had lost a substantial part of its electorate.

Table 23: Bulgarian EP election results, 2007

<i>Party Name</i>	<i>EP Party Group</i>	<i>Votes (%)</i>	<i>EP Seats</i>
GERB	EPP	21.68	5
BSP-coalition	PES	21.41	5
DPS	ELDR	20.26	4
ATAKA	ITS	14.20	3
NDSV	ELDR	6.27	1
UDF	EPP	4.74	0
DSB	EPP	4.35	0
SSD	none	0.74	0
Total			18

Source: Central Election Commission, Bulgaria.

From the results presented in table 23, we can see that the UDF, DSB, and SSD, the three

splinter parties of the former right-wing opposition, did not manage to send representatives to the EP. On the other hand, one of the BZNS factions, which ran together with SSD in the national election of 2005, contested on one ballot with GERB and received one of GERB's five seats. The three descendant right-wing parties resisted the center-right identification of GERB, while at the same time did not find enough common ground to reunite and contest the election together. Had they done that, they could have received 9.83% of the votes without BZNS, and more than 10% with them. This would have placed them above NDSV, and they could have sent at least one representative to the EP. Moreover, had a center-right and right-wing parties coalition formed, it would have had at least 31.51%, and thus a majority of the seats allocated to Bulgaria in the EP.

It is important to keep in mind, that if any mergers happen at the national level they would also translate to the district level. I expect this to be the case because one can think of the national level as a higher level than the district level, thus if a merger happens in specific district they may or may not translate into the all districts (if say two smaller regional parties merge and they compete only in some districts), while if a merger happens at the national level it can be assumed that it will translate into the district level as well. The prediction of the reductionist hypothesis then, while built on the basis of the dynamics of a nation-wide competition, is expected to translate any fusions that may happen there to the districts. Moreover, the types of parties that we see at EP elections, as suggested by the literature, are usually the larger parties (often from the legislature) and some smaller or potentially newly formed power-contending parties. As a result, the mergers that are likely to take place are between larger parties or between small and large parties. In either case, those mergers will then translate to the districts due to the fact that larger parties compete nationally.

The total number of political parties that contested the EP election was fourteen, with two independent candidates (table 23 lists only parties that won seats either in the EP or the national legislature). Five out of the fourteen candidate parties were elected, which produces a return ratio (RR) ¹⁰ of 0.357, almost 4 points higher than the RR of the 2005 election.

¹⁰The return ratio is derived by dividing the number of legislative parties by the number of elective parties. A higher RR, suggests that the party system is closer to where we expect it to be theoretically. Recall, that the theoretical expectation, the TENP reflects the theoretically expected number of parties in a given electoral district. Therefore, systems which are closer to their theoretically expected equilibrium will also have a higher RR. As we can see from table 22, the RR shows a steady increase from 1991 to 2005, with

This suggests that, albeit slowly, further convergence of the party system is taking place and that there is room for yet additional mergers (assuming that the return ratio needs to be at least 50% to show that there is no inefficiency in party competition - i.e. that parties have at least 50% chance of getting elected).

When we think back of the EP literature I reviewed at the beginning of the chapter, the results of the EP election in Bulgaria confirm the idea that European Parliament elections are testing grounds for the opposition, or for new parties which aspire to get into office. They also reinforce Hix and Marsh's (2007) finding, that voters punish incumbents at EP elections. In Bulgaria, the right-wing parties, which were the main driving force behind reforms and major steps taken toward EU membership, and have been forced to opposition since 2001, were once again fully cast out from the EP by the public vote. NDSV, the winner of the 2001 legislative election, and BSP the forerunner in 2005, were also punished by the electorate. The majority of the votes were given to the newly formed GERB, which is visualized as a new alternative force that can deliver.

After the results of the EP election, there is evidence of dialogue between GERB's leader Borisov and the leaders of the right-wing reminiscent parties in Bulgaria about a potential merger of the right for the following national parliamentary election¹¹. This is preliminary proof of the proposed long-term reductionist effect that participation in EU institutions can have in the developing democracies of Eastern Europe. All four parties (excluding the BZNS) are members of the European People's Party.

Based on the reductionist model developed here, we can expect that it will be rational for GERB and BZNS to retain their merger for the national legislative elections, as well as for the three reminiscent right-wing formations to either reunite amongst themselves, thus

a 200% jump between 1997 and 2009 despite the slight drop in the 2001 election. This suggests that elite members are continually gaining knowledge about the electoral game, and employing it when making their decisions to contest.

¹¹The leader of DSB, Ivan Kostov says that DSB is open for negotiations, but it wants to see its program adopted. At this point DSB, which is the most right-of-center of all the former UDF parties, says that they see GERB as too far away from them (and closer to BSP - the main left-wing party).

Source: <http://www.mediapool.bg/show/?storyid=139762>.

The results of a national poll conducted in May 2008 show that 2/3 of the BSP supporters would approve a potential merger between their party and the leading in popular support party GERB, while 2/3 of GERB supporters claim that they would retract their support if the party merges with BSP.

Source: <http://www.dnevnik.bg/show/?storyid=505805>.

aiding the formation of two large right-wing formations, both domestically and in a future EP (GERB-BZNS and SSD-UDF-DSB), or form a potential merger across all five formations. The EP party group membership (see table 28) also suggests that the Movement for Rights and Freedom (DPS) and the National Movement Simeon II (NDSV) which both identify with the ELDR, the centrist EP party group, could benefit from a merger on the domestic level.

The results of the recently held 2009 national legislative election provide evidence that the reduction hypothesis points in the right direction. We see, as discussed in chapter 4, that the two larger splinter parties of what used to be the UDF in 1997, formed a coalition prior to the election, and there were talks that although not running together with GERB, the coalition (known as the Blue Coalition) will give its full support to GERB for the formation of a cabinet, and it will be its coalition partner if such is needed. While GERB formed a single-party minority government under the leadership of Prime Minister Borisov, the party unofficially enjoys the support of the Blue Coalition, which suggests that EU-induced cooperation does take place at home. Furthermore, UDF and DSB contested the second election for European Parliament held in summer 2009 as the Blue Coalition, and managed to send one representative to the EP, while in 2007 when they ran on separate ballots neither party had a seat.

6.3.2 The Case of Romania

While some would argue that there has been significant stability in terms of party system mechanics and the patterns of inter-party competition in Romania (Grecu 2006), several scholars have argued quite the opposite - that the present electoral system cannot ensure stable majorities (Laza 1998), and that there have been quite a bit of mergers, splits, and party-switches for the last decade and a half (Bugajski 2002). Furthermore, the overall number of political parties (including minority parties) has been the largest among the countries studied here and is still fluctuating, which is a signal that the party system is not stable or consolidated yet. Innes (2001) argues that if we take the absence of new parties to be the most telling indicator of party system stabilization, then Central East-European

(CEE) party systems, here she includes Bulgaria and Romania, remain unstable. While Innes is correct on some points, I present evidence that party system consolidation is occurring in the CEE countries, and show that elite members react strategically to the incentives that they face (see chapters 4 and 5). Romania, however, remains the most unstable amongst the East European countries.

Here, I build on Grecu's (2006) study of the effect of European Integration, although I disagree that the Romanian party system portrays stability. I look at the effect of the process of accession toward the EU and eventually EU membership, on the electoral competition in Romania, and the party system as a whole. Previous chapters account for the short-term incentives which the EU produces. Here, I turn our attention to the long-term effect of the EU on national party systems, and propose that it has a stabilizing role in the politics of individual countries. While Romania, as shown in chapter 5, does not comply with the trends of the theory of political learning found in the other three South European democracies, its main political parties have been affected by the country's path toward the EU. We can hypothesize then that as in Bulgaria a EU-level cooperation can bring cooperation and party mergers at home.

Data on the total number of registered political parties which contested during national election (the numbers represent a national total) are presented in table 24. We can see that this number followed a decrease-increase-decrease pattern. However, one should bear in mind that in the electoral districts, which is the unit where parties actually compete for national legislature, the number of parties, with very few exceptions, kept an overall increasing pattern (for more details see previous chapter).

Despite the fact that the national picture of Romania's party competition shows a decreasing number of contestants over time, and as Grecu argues exhibits stabilization, the analysis I present in chapter 5 on the district level of the Romanian party system development, reveals that there is still a party proliferation phenomenon in the Romanian party system. I show there that the average number of parties competing in each electoral district increases from 33 in 1996, to 41 in 2004. My explanation for the anomaly of the Romanian case, is that new parties still have incentives to emerge, because all larger political parties, both on the left and on the right side of the political spectrum, are a prodigy of the old

Table 24: The number of political parties in Romania, 1992-2004

<i>Election year</i>	<i>Parties Contesting</i>	<i>Parties Elected</i>	<i>Return Ratio</i>
2004	48	22	0.458
2000	68	23	0.338
1996	64	21	0.328
1992	79	20	0.253

Note: Table reports the total number of parties that existed nationally (combining parties that contested in every district).

Source: Electoral Archive Essex University; author's calculations.

Communist Party. The interesting fact that the data in table 24 reveals is that, unlike in Bulgaria's recent elections, we cannot speak of nationalization effect per se in Romania's party competition, as different peripheral parties contest in different districts. It is the number of these parties that has slowly started to erode as years have gone by, and especially in 2004, as table 24 shows. An interesting question that stems out of these data, is what can account for such a change in the decreasing number of parties at the national level?

To answer this question, one needs data on the specific parties that contested each year, and comprehensive information on where they contested and originated, so that patterns of where different parties applied or chose not to apply, can be detected and examined. While I do not have data to make such an investigation, my research, based primarily on accounts of the Romanian party system by local scholars ([Bugajski 2002](#); [Greco 2006](#); [Laza 1998](#); [Popa 2004](#)), allows me to infer that the application for EU membership, and the process of accession to the EU, have had an important stabilizing effect on Romania's party competition, as they have had in other East European countries. Particularly, the modernization of the former communist party, which is strongly linked with international organizations and the EU itself, has in turn affected the realignment of other political parties, and even caused potential merger talks.

From the accounts of Romanian scholars, we learn that the general political tension in Romania has been between the PSD, the ancestors of the former communist party and the

National Salvation Front (NSF), and the opposition (PNL, PD, PNTCD, etc.), which has seen numerous splits, mergers, and changes of ‘face’ of existing parties during the transition period. One such example is the National Liberal Party’s (PNL) attempt to become a viable alternative¹² to the party in power (the Social Democratic Party, PSD) by preparing the ground for potential fusions that would turn it into a powerful right-wing party (Popa 2004, 91). In 2003, the party established an alliance with the Democratic Party (PD), which Popa considers one of the most virulent critics of the ruling PSD. This fusing step is likely the result of PSD’s movement toward the center of the political spectrum, as an attempt to modernize itself, and change its image from a former Communist party to a modern left-wing party - part of PSD’s path of novel establishment was its membership of the Socialist International (SI) which took nearly a decade to fulfill¹³.

These developments show that the internationalization of the parties due to the country’s striving to become a member of the EU, has had a large impact on the party system dynamics, and most likely had to do with the decrease in nationally registered number of parties. We shouldn’t however forget Pop-Eleches (2008)’s argument that even the opposition parties in Romania are a result of the split of the NSF in 1992. This suggests that the so-called ‘right-wing’ merger talks, can be attributed to the country’s involvement with the EU, as it is clear that left parties have moved toward the center in attempt to become modern socialist parties, thus causing rearrangements in parties of the right. However, the country still remains the outlier of the East European states, which does not currently follow the trends of party system convergence due to learning as a result of democratic maturing and experience with electoral institutions that we see in other East European countries.

The data from the European Parliament election provides additional evidence for the reshuffling of the major players in the Romanian party system. Similarly to what happened in Bulgaria, the right-wing parties contested the election separately. Here, however, despite running individually, three right-wing formations received representation in the EP, and the

¹²The power in Romania has been held primarily by the socialist party (PSD) with a single electoral period break, when the Democratic Convention of Romania (a right-wing coalition of 18 parties and organizations) won the election of 1996.

¹³Popa explains that the PD was the first Romanian party to become a member of the SI and it was the main opponent of the PSD joining as well. PSD became a member of SI in 2003. By late spring 2005, PD gave up its social democratic orientation in favor of EPP (European People’s Party) membership, leaving the PSD as the only representative of social democracy in Romania (Grecu, 218).

Romanian right managed to out-seat the left by eight seats (data is presented in Table 25). One of the predictions of the reductionist model proposed in this chapter is that it is likely for parties which are separate entities on the national political arena, but are co-members of the same EP party group, to merge at home as a result of cooperation developed at the supranational level. Given that the declared political objective of the PD, as documented in Popa (2004, 92), is to remove the PSD from power at the 2004 elections, which did not happen as the PSD had a marginal lead of 5%, it is plausible that a larger center-right alliance might form in the future. Two such possibilities based on the parties' European Parliament group associations are PD-UDMR-PLD-PNTCD, or even some broader alliance between right-wing and center parties, which are members of the EPP, and the ELDR.

The results of the most recent European Parliament election in Romania in 2009 (not shown here) provide evidence in support of the predicted by the reductionist hypothesis EU-induced cooperation at the national level. In 2009, the largest representation in the European People's Party (EPP) was won by the Democratic Liberal Party. The Democratic Liberal Party is a result of the merger between the former PD and PLD which took place in late 2007 - note that this is nearly a year after the first EP election and the collaboration of both parties at the European level as members of the EPP began. The newly formed Democratic Liberal Party went on to win the 2008 national legislative election, removing the ruling left-wing party PSD.

Further evidence for the presence of EU-induced cooperation at home is the alliance between the left-wing PSD and the center-left Conservative Party which the 2009 EP election portrays. The two contested the 2007 EP election separately, however the latter did not receive a seat. In 2009 the alliance secured 11 seats in the EP, thus out-seating the representation of Romania's right-wing parties by 1 seat.

6.3.3 The Case of Slovenia

In comparison to Bulgaria and Romania, Slovenia presents a stronger case for the effect of the EU on its party system, as it exhibits both the long-term stabilizing effect of the EU proposed in this chapter, as well as the short-term effect in that we see more political parties

in the election years coinciding with main European-level events as the theory of political learning posits.

Slovenia's party system has been seen as generally stable (Bugajski 2002; Krasovec et al. 2006), despite some party rearrangements which occurred in the course of the transition to pluralistic democracy. As in the other two CEE countries, scholars (Benoit and Laver 2006; Bugajski 2002; Fitzmaurice 1997; Toplak 2006) recognize two major political camps in the Slovenian party system - the successors of the former communist party and its satellite organizations on the center-left, a bloc led by the Liberal Democracy of Slovenia (LDS), and the opposition parties of the center-right, with the Slovenian Democratic Party (SDS) being the oldest leader there. In terms of the spatial positioning of the two political blocs, the party system of Slovenia is similar to these of Bulgaria and Romania. Further, as we witness in the other two countries, Slovenia's transition period has been mostly dominated by the electoral majority of the ex-communist party (LDS), and the opposition has seen a series of splits and conflicts, which inevitably weakened its position, and unintentionally increased the power of the left (Fitzmaurice 1997).

Despite the general similarities, Slovenia's party system and the course of political competition taking place on the country's way to membership in the European Union, show unique characteristics, which make it stand out from the other two countries. The first is the lower number of political parties competing at national elections. From the first democratic election, Slovenia has had substantially fewer parties contesting the parliamentary elections. The 1992 legislative election had a total of twenty-five contesting parties¹⁴ (see table 26 below), compared to the seventy-nine, and forty-one, parties competing in the initial elections in Romania and Bulgaria respectively. The number of parties fell to twenty-two in 1996, to twenty in the 2004 election, and to 17 in the 2008 parliamentary election.

In addition to the smaller and decreasing number of parties, the *return ratio* (RR) of the Slovenian party system supports the reported by Krasovec et al. (2006, 169-170) decreasing index of fractionalization, and its approaching a level of a more consolidated party arena. This can also be seen from the RR statistic for the 1992 and 2008 elections - Slovenia's *return*

¹⁴Please note that this is the number of political parties registered nationally, and some did not compete in all districts. Nevertheless, in Slovenia, a downward trend is present both at the district level and when the total number of registered parties is taken into account.

ratio is between 40-47%, which is much higher than Romania's and Bulgaria's RR, between 25% and 46%, and 7% and 33% for their first and most recent elections respectively. Still however, the RR statistic shows that there is more room for improvement (as the RR has to be at least 50% to reflect that parties actually have a larger chance of getting elected than not) and we can expect that further convergence can be achieved with the aid of the reductionist effect that EU-level cooperation can bring to the domestic party politics, as argued earlier in the chapter.

In chapter 5, I argue that a potential explanation for the stark difference in the initial structure of the Slovenian political party system, from those in Romania and Bulgaria, lies in a second differentiating factor that the country possesses compared to Bulgaria and Romania - the early consensus among the political parties on Slovenia's future direction toward the West (in Bulgaria East vs. West was a major contention between the political elite of the former Communist Party and the opposition, while in Romania there was still no change in the governing party during the first years of the transition period as the country lacked a dissident movement and thus lacked a formation of opposition parties as a result). As previous accounts suggest the Slovenian parties were united by their fight for sovereignty from the Republic of Yugoslavia, and all of them envisioned future entry in the EU, as an important step toward the country's independent identification ([Bugajski 2002](#), 641). As [Krasovec et al. \(2006\)](#) reports, Slovenia began to pursue integration with the EU in the early 1990s, and the country's Europeanization in practice "became a substitute for the old ideology", with EU membership emerging as a strategic foreign policy goal, even before Slovenia's official independence (173). Furthermore, even the Slovenian Communist Party "threw its support behind systemic reform ... which paved the way for the founding of alternative parties" during 1988, and 1989 ([Bugajski 2002](#), 638). Thus, from the very beginning all existing political parties had a consensus about Slovenia's future - independence from Yugoslavia and entry in the European Union. That explains the difference in the number of parties between the three countries - Slovenia's politicians shared a single idea of where the country needs to be and especially how to get there, hence there was little need for alternative political parties to emerge. In Bulgaria parties had different goals, and therefore different strategies for the

path (especially its timing and implementation) toward EU membership¹⁵ and in Romania most major existing parties originated in the former Communist Party, which as I argue previously creates an incentive for party formation.

Finally, Slovenia was the only country from those studied here to enter the EU with the “first wave” of Eastern Enlargement and become a full member in 2004. In addition to that, all of its political parties (except Slovenia’s National Party, SNP) were pro-EU integration (Benoit and Laver 2006; Rohrschneider and Whitefield 2007). The long-term stabilizing effect which I propose the EU has on the new democracies of Eastern Europe, is confirmed by Krasovec et al. (2006) who devote attention to the impact of the EU on Slovenian parties and argue that the EU has affected the party programs and the parties’ organizations - the authors claim that parties which are members of EP party groups, have adopted some of their general orientations, as well as their structure. However, they don’t discuss the potential effect of participation in the European Parliament on the dynamics of the party system as a whole.

To extend Krasovec’s research, I argue that EP participation can have an additional converging effect for Slovenia’s parties by reducing their number even further prompting further mergers between parties with similar political views. A reduction in the number of parties is likely to happen, since we know (Benoit and Laver 2006, Rohrschneider and Whitefield 2007) that Slovenian parties do not have very different stances on EU integration issues. This is portrayed by the fact that Slovenian parties joined the three most traditional EP party groups (all gravitating around the center), which suggests that as a result we won’t see a lot of policy diversification at the national level. We can therefore expect further convergence to occur. Table 27 contains the results of the 2004 Slovenian EP election.

As noted by several scholars, the 2004 elections (EP and national parliamentary elections were held during the same year) brought a new horizon for the future of Slovenia’s party system, since this was the first time after the change that the right-of-center parties won over the reformed communist party. It is plausible therefore, that the parties of the right, which underwent a lot of conflict and transformations during the transition period, as were their

¹⁵EU membership became a part of the Socialists agenda only in the late 1990s in Bulgaria as they suffered a popular ousting of power and an overwhelming loss at the following elections.

counterparts in the other two countries, cooperate or merge in order to retain their 2004 victory and strengthen their position in the future. This will be especially effective if the considered electoral system change from proportional to majoritarian system (Zajc 1998), becomes a fact. Based on their similar views we can expect to see cooperation between the three EPP members - New Slovenia, SDS, and SPP. If such a move is taken, the political right will effectively outnumber the left both at the EU and at the domestic levels.

The results from the 2008 national election provide some support for the effect of EU-induced cooperation at home as they reveal that cooperation was established between the Slovenian People's Party (a member of the EPP) and the Youth Party (a member of the European Greens). After contesting the 2004 European Parliament election separately and neither party managed to secure enough votes to receive a seat, the two joined forces for the 2008 national election. They won 5 seats in the legislature. However, the Slovenian People's Party continued as a sole contestant in the following election for European Parliament. The other two EPP members contested the 2008 national election separately, and the Slovenia Democratic Party did not retain its 2004 lead, losing to the left-wing Social Democrats by 1 seat.

6.3.4 Additional evidence and the negative case

While the reductive hypothesis remains a hypothesis until it is further tested in the future, the short case studies just presented provide preliminary evidence of the existence of EU-induced cooperation in the new EU member-states albeit the short time frame of these countries' membership. Additional support is found in recent developments in the Latvian party system as well. There we see cooperation between two center-right parties - Latvian Way and Latvia's First Party. Both parties contested separately the 2002 national election and the 2004 European Parliament election. Latvian Way did not win representation in the national legislature in comparison to Latvia's First Party which received 10 seats, but the former secured 1 of Latvia's 9 seats at the European Parliamentary election in 2004, while the latter was left with zero. The two parties united for the 2006 national election and entered into a coalition government with the People's Party and the New Era party,

both of which are members of the right-wing European group, the European People's Party, and both had members in the EP after the 2004 EP election. These events show that the cooperation at the EU level does indeed transfer to additional cooperation at home.

Given the evidence in support of the existence of EU-induced cooperation, one may wonder what happens in the absence of the EU-factor, i.e. what will be the negative case. Theoretically, the argument will be that in the absence of the EU as an intervening factor we will see less cooperation among viable contenders for the national legislature and we might observe an increase, rather than a decrease, in the total number of parties. The party system developments in Croatia are a good example here. Croatia fits well as it is a developing democracy working toward EU membership but not a member yet, therefore its political parties do not take part in the European Parliament elections, and thus no EU-induced cooperation can take place.

If the argument of the reductive hypothesis is true, then in a country which is not a member of the EU we should see either the same amount of cooperation among viable legislature contenders as in the previous election period, or less. The results from the last two legislative elections in Croatia reveal that the overall number of contestants decreased, but so did the instances of cooperation among parties which either received representation in national parliament, or were part of a coalition which received parliamentary seats. In 2003, 12 contesting groups, 5 of which were coalitions of two or more political parties, received at least one seat in the national parliament. In 2007, 10 contesting groups, but only two of them coalitions, entered parliament. This suggests that the amount of cooperation that existed in 2003 decreased in 2007. One example is the 2003 coalition led by the Social Democratic Party (SDP), which consisted of SDP, the Istrian Democratic Assembly, the Party of Liberal Democrats and the Liberal Party. Two of these parties (SDP and the Istrian Democratic Assembly) contested the following election (in 2007) alone. The Liberal Party, gave birth to a splinter-off party (the Dalmatian Liberal Party) after internal disagreement about potential cooperation with the Party of Liberal Democrats, and what was left from the initial LP disappeared altogether in 2006. Another example of diminishing cooperation is the break-up of the coalition among the Croatian People's Party, the Alliance of Primorje, and the Slavonia-Baranja Croatian Party. The first two parties joined in the two coalition formations

which existed in 2007, however taking different paths, and the third party contested the 2007 election alone. Similar faith had the third coalition of 2003 from which the leading party, the Croatian Party of Rights, contested the 2007 election alone, while the Zagorje Democratic Party joined one of the newly formed coalitions. These reshuffles, and especially the fact that at least four parties which were members of a coalition in 2003 decided to contest the 2007 election alone, shows that the amount of observable cooperation decreased between 2003 and 2007. It is possible that this is a result of multiple causes, however, it allows us to infer that since in the absence of the EU as an intervening factor the amount of cooperation that we see is less, one can argue that partially the existing cooperation that we do observe in other countries, members of the European Union, is EU-induced.

Another aspect of less cooperation is the multiplication of political parties, and if a country is not a member of the European Union, one can claim that one of the forces which could give incentive for cooperation is missing. Norway provides a case like this. Norway is one of the few West European states which is not a member of the European Union, despite the fact that it is heavily involved with the EU and it has attempted membership on several occasions. The results from Norwegian parliamentary elections suggest that the overall number of parties contesting has risen from a total of 14 in 1989 to around 20 in the 1990s and 2000s. This signifies that there must be an underlying force or forces to explain the rise. While I would not argue that the EU is the primary driving force for this occurrence, I would claim that the heightened interest of the country in EU membership, and at the same time the resistance such membership has met in the direct electorate, provides two effects which can push the number of parties up - first, an important issue which splits the electorate encourages additional party formation (the band-wagon effect), and second, the fact that the EU is not another level where national political parties can speak to each other (due to Norway not being a member-state) reduces the dialogue and the potential cooperation among them. This can then also serve to support the reductive hypothesis, as while it doesn't prove that it exists, it clearly shows patterns opposite to the ones expected by it when the intervening factor, the EU, is not present.

6.4 CONCLUSION

This chapter analyzes the long-term effect of the European Union, and in particular the long-term effect that participation in the European Parliament could produce on the national party systems of the young European democracies. The idea of a long-term effect of the EU complements the general theory which argues that the short-term impact of EU-related events on the level of party system convergence is negative, as a result of the creation of additional incentives to compete, which encourage new party formation during certain electoral periods.

Here, I argue that the road to membership in the EU, and the participation in the European Parliament, exert a long-term effect on party systems, especially in the new democracies, whose political paths in the post-communist era have been largely guided by their desire to become members of the European Union. The latter has had a stabilizing effect on the new EU member-states' political lives, and is expected to continue to have such effect in the future. The reductionist model proposed in this chapter, offers that cooperation experienced at the EU-level could lead to cooperation, and party mergers at the national level as well. This expectation stems from the work of two factors - first, East European party systems are recognized for the multitude of political parties that enter electoral contests, and the large amount of wasted votes and candidacies that this produces as a result; at the same time, many political parties whose views diverge at the national level, become members of the same EP party group, and thus cooperate with each other on the supranational level. In that respect, I see Europeanization as how supranational political dynamics affect national party competition.

Two of the cases studied, Bulgaria and Slovenia, reveal a general downward trend in the number of competing political parties from the beginning of the transition period to date. Romania, offers mixed data on the national number of parties, but when we look back to the districts, it shows a steadily increasing trend which does not comply with the expectations of the theory (for my explanation why this is the case see chapter 5). In the analysis done here, I find that the initial number of parties, and how the road to EU membership affects it, depends on the views of political parties in the wake of the regime

change. The Slovenian party system proved to have a more pronounced agreement from the very beginning of the transition period due to the sovereignty issue, which united both communists and opposition, alike. While the former communist parties in Romania and Bulgaria took nearly ten years on average to fully change their platforms to pro-European ones, the Slovenian League of Communists supported EU membership as a foreign policy goal, as early as 1989. This resulted in a more consolidated party system from early on, while the other two states experienced high party system fractionalization for several rounds of elections. Based on this I expect the reductionist effect to be especially visible in Bulgaria and Romania in elections to come.

Previous studies find that political parties in Eastern Europe do not have very divergent views when it comes to the pro-anti EU integration issues, and they hardly even compete on European issues. My study confirms that fact, however, it argues that this is likely to change in the near future, given that now the countries are members of the EU and they can afford to have different stances on EU-related issues (before membership was a fact this was unadvisable since the countries as a whole needed to portray their agreement with the EU and its laws to strengthen their prospects of becoming members). Additionally, the first decade in East European politics can be seen as emblematic for the unity of right-wing parties on their common opposition to the former communist regime and its remains (in Slovenia the left-right wing tension was smaller due to both sides converging on the sovereignty from Yugoslavia issue). In chapters 4 and 5, I discuss that half a decade after the change, the communist issue has dissipated, yet the conflicts within, and among right-wing parties continue to be quite frequent, signifying the need for identity change. I argue that the European Union plays (and can continue to play in the future) an important role in aiding this identity finding process, and thus a long-term effect on the development of the party systems is very likely. The EU gives parties a new opportunity to arrange and invent themselves in the process of forming stable, multiparty democratic competition. The Slovenian Democratic Party (SDS) showed to have been the fastest in responding to this situation, by beginning to offer ideological alternatives, as opposed to previous campaigns, which were largely based on attacking the former communists (a trend which is still alive in Romania and Bulgaria).

Several questions arise from the reductionist model that warrant attention. First, I have to stress that the model presented here, addresses the potential for party fusion across the political party competition space in a given country, not only the parties that are currently in the national parliament. This is important because, as we have seen from Hix and Marsh's (2007) argument smaller parties do better at EP elections, and often they are parties which have not won national representation yet, especially when it is a newly formed party. Second, a question arises as to whether we should expect that participation of more than one national party in the same EP party group, should always lead to party fusion at home. My answer here would be no. From McElroy and Benoit's (2006) account of EP party group affiliations, we learn that almost all countries have at least one instance in which two national parties join in the same EP party group, and yet not all of these have resulted in mergers at home. However, what I suggest here, is that a reductionist effect can be observed on consolidating party systems at the very least. These are primarily the cases of the East European member-states, which often have more than two national parties, in some instances three or four, joining the same EP party group.

Due to the short time-line since East European countries became members of the European Union, at this stage the reductionist hypothesis remains largely theoretical. The strength of the model however is in that it carries an explanatory value which can be tested in a natural laboratory by studying the fate of political parties which share membership of the same EP party group on the domestic political arena. Evidence from the most recent national election in Bulgaria points in the right direction as we see a merger of two right-wing parties, members of the EPP, for electoral purposes at home. The value-added of the analysis is that it complements the argument developed in chapter two, that participation in EU events has a short-term negative effect on the level of party system convergence, as it produces incentives which encourage additional party formation in election years which coincide with EU-related events as well. Furthermore, the reductionist hypothesis model can be applied to the study of the effect of participation in supranational institutions on domestic politics in studies beyond the present one, where participation and politics are defined in a way that serves the specific area of relations one is interested to examine.

Table 25: Romanian EP election results, 2007

<i>Party Name</i>	<i>EP Party Group</i>	<i>Votes (%)</i>	<i>EP Seats</i>
PD	EPP	28.81	13
PSD	PES	23.11	10
PNL	ELDR	13.44	6
PLD	EPP	7.78	3
UDMR	EPP	5.52	2
PNGCD	none	4.85	0
PRM	none	4.15	0
Laszlo Tokes (indp.)	EFA	3.44	1
PUR/PC	ALDE	2.93	0
National Initiative Party	none	2.43	0
PNT-CD	EPP	1.38	0
PR	none	1.14	0
PAS	PEL	0.55	0
PV	Greens	0.38	0
Total			35

Note: Table reports the total number of parties that contested nationally (EP elections are held in a country-wide district).

Source: Biroul Electoral Central.

Table 26: The number of political parties in post-communist Slovenia, 1992-2008

<i>Election year</i>	<i>Parties Contesting</i>	<i>Parties Elected</i>	<i>Return Ratio</i>
2008	17	8	0.471
2004	20	9	0.45
2000	17	10	0.58
1996	22	9	0.409
1992	25	10	0.40

Note: Table reports the total number of parties that existed nationally (combining parties that contested in every district); The initial election of 1990, was held when Slovenia was still a Yugoslav republic, therefore the results are not reported here. Fifteen political organizations entered that election.

Source: Slovenian Electoral Commission (<http://volitve.gov.si>); Adam Carr's electoral archive; author's calculations.

Table 27: Slovenian EP election results, 2004

<i>Party Name</i>	<i>EP Party Group</i>	<i>Votes (%)</i>	<i>EP Seats</i>
New Slovenia	EPP	23.6	2
LDS and DeSUS	ELDR	21.9	2
SDS	EPP	17.6	2
ULSD	PES	14.1	1
SPP	EPP	8.4	0
SNP	none	5	0
Slovenia is Ours	none	4.1	0
Youth Party of Slovenia, Greens	none	2.3	0
Voice of Women of Slovenia	none	1.2	0
Party of Ecological Movements	none	0.6	0
National Party of Labor	none	0.5	0
Party of the Slovenian Nation	none	0.3	0
Democratic Party of Slovenia, Democracts of Slovenia	none	0.3	0
Total			7

Note: Table reports the total number of parties that existed nationally (combining parties that contested in every district).

Source: Krasovec et al. (2006).

Table 28: Representation in the European Parliament

<i>EP Party Group</i>	<i>Country</i>	<i>National Party Label</i>	<i>National Party Name</i>	<i>EP Seats</i>
EPP	BG	GERB	Citizens for European Development of Bulgaria (Grazdani za Evropejsko Razvitie na Bulgaria)	4
EPP	BG	BANU-PU*	Bulgarian Agrarian National Union (BZNS Anastasiya Mozer)	1
EPP	SL	SDS	Slovenska Demokratska Stranka	2
EPP	SL	NS	New Slovenia (Nova Slovenia)	2
EPP	RO	PDL	Partidul Democrat Liberal	16
EPP	RO	RMDS	Democratic Union of Hungarians in Romania (Romaniai Magyar Demokrata Szovetseg)	2
PES	BG	PES	Platform European Socialists (Coalition for Bulgaria)	5
PES	SL	ZLSD	Zdruzena Lista Socialnih Demokratov	1
PES	RO	PSD	Partidul Social Democrat	10
ELDR	BG	DPS	Movement for Rights and Freedom	4
ELDR	BG	NDSV	National Movement for Stability and Progress (former NMSII)	1
ELDR	SL	LDS	Liberalna Demokracija Slovenije	2
ELDR	RO	NLP	National Liberty Party	7
UEN	-	-	-	-
Greens	RO	Independent	-	1
GUE	RO	SAP	Socialist Alliance Party	associated, no members
I & D	-	-	-	-
(Euroceptics)				
Total				58

Source: European Parliament website.

Note: *BANU-PU ran together with GERB.

7.0 CONCLUSION: POLITICAL LEARNING AND THE NUMBER OF PARTIES - WHAT LESSONS CAN WE DRAW

What role do institutions play in the formation and evolution of new party systems?... Answering these and other questions requires a comparison that would go beyond any single sample of elections and would involve contrasting the data from transitions with the data from established democracies.

Olga Shvetsova, *A Survey of Post-Communist Electoral Institutions* (1999:408)

High number of political parties is often regarded as a characteristic of developing democracies, while fewer and more stable party competition is regarded as a signal of a consolidated democracy. Many reasons can be put forth as to why a smaller number of parties is better than a large one, but probably the fact that an exaggerated fragmentation of the political space is detrimental to the quality of democracy, as [Bibic \(1993\)](#) notes, is the most conspicuous one. As a consequence, the high number of cases of party system fragmentation observed in young democracies, has raised a concern. The issue of the high number of political parties, has drawn special attention since the fall of Communism and the democratization of the countries in Eastern Europe has taken place. However, despite the interest in the region, we still lack a good understanding of why the number of political parties in new democracies is much larger than in established ones, and works dealing with the number of parties question, do not provide a satisfying answer. In this dissertation, I have aimed at improving current theories on the determinants of the number of political parties, by offering an explanation for the variation in the number of parties among countries, as well as within and between countries, but across time.

Chapter 1 provides a detailed review of the two main theoretical strands that deal with parties and electoral systems. Spatial theories of party competition ([Hotelling 1929](#); [Downs 1957](#); [Palfrey 1984](#), and others) are an excellent source for understanding party positioning

across an issue space, and provide the basis for what is later picked up by more empirical works interested in the number of parties, a question which spatial theory does not address directly. On the other hand, the electoral and party systems literature ([Duverger 1954](#); [Rae 1967](#); [Laakso and Taagepera 1979](#); [Lijphart 1999](#); [Cox 1997](#), to give a representative sample) links institutional and social characteristics to the number of parties to show that factors, such as district magnitude and ethnic heterogeneity, affect the party system. Early on, famous conjectures such as Duverger's Law have come to being, as a result of linking the strategic nature of political actors, which these analysis assume, and the institutional setting within which those actors compete. Albeit their connectedness, these bodies of literature do not put the theory and practice of the number of parties together. The avoidance of such an exercise is likely due to the gap that exists between what our theories predict a party system looks like, and what we find that it looks like in the real world.

The most significant attempt in that direction has been made by the invaluable work of Gary Cox, most notably by [Cox and Niou \(1994\)](#) and [Cox \(1997\)](#), whose M+1 rule provides the best attempt we have so far, at giving a precise prediction on the number of political parties. As Cox notes himself, this is an upper bound of the number of parties we would expect in theory. As a result, all subsequent work on party systems includes district magnitude as a primary determinant of the number of parties, yet no one has put the prediction, and the observable together, and examined how they relate to each other. In chapter 2, I refine Cox's M+1 rule and propose an even more constraining rule, called the TENP, which incorporates both the district magnitude, and the ethnic heterogeneity of a given electoral district. I then link the theoretically predicted and the observed number of parties, in a statistic called party system convergence index (PSCI). The closer the PSCI is to 1, the closer the predicted and the actual number of parties are. I argue, that identifying the determinants of party system convergence is the 'next step' to what we have thus far. The party system convergence index allows us to compare how different districts fare in relation to others, and how they fare in relation to themselves in different periods of time. Adding to that is the fact that I execute the analysis at the electoral district level, which permits comparison of districts within and between countries, as well as within and between countries and across time, by including an extra dimension (this is done via multilevel modeling in

chapter 3).

The rationale behind studying party system convergence as opposed to simply the number of political parties, is because it allows for a systematized comparison among units, and can be easily used to examine proposed determinants in different settings and see how they affect system convergence across a particular group of observations. One of the stark observations which I try to explain with my analysis is the different level of party system convergence between developed and developing democracies. I proposition that the assumption of *a priori* rationality, which most analysis of party systems take as a default, is premature, and that a major determinant of the level of party system convergence is time, or in other words age of democracy. I argue, that when democracies are young, and the ‘rules of the game’ are new, so are the political actors (referred to as the elite) and their knowledge of the system and its constraints. I therefore study the effect of age of democracy on party system convergence, hypothesizing that as democracies mature, the level of party system convergence increases, and this effect is particularly strong in young democracies. Other factors which the theory of political learning proposes as explanatory for the level of party system convergence are institutional factors constraining the pre-electoral party formation, such as the requirement for a certain amount signatures and the payment of monetary deposit, or the available public funding, as well as external to the national electoral competition institutions such as the European Union. I argue that European Parliament elections, or the formal entry in the European Union, put additional short-term pressures on national party systems, providing further incentives for political competition, thus encouraging new party formation in election years around major EU-related events. Finally, I propose that our models need to also control for economic development, as we can expect party system convergence to be lower in poorer societies, where a political career is regarded as a job which provides a strong comparative advantage to most other employment opportunities, and thus the proliferation of political parties is stimulated as a result.

Chapter 3 puts the theory of political learning to test. I examine the relationships between age of democracy, domestic institutions and international institutions, and the level of party system convergence on an originally collected data set. The data consists of election year statistics for 20 West and East European democracies, covering the period from 1980

to present. I employ a multilevel hierarchical model, in order to capture the heterogeneity of the starting points, as well as the various growth rates. The unit of analysis is the electoral district. The empirical results, show that the effect of age of democracy on party system convergence is indeed much higher in transition democracies, than it is in established ones. I find that the party system convergence index increases on average 4 times faster in young democracies. Interestingly, while the overall effect of time is positive when tested on the district level, the effect becomes negative when the model is additionally constrained by country. This suggests that time has an overall positive effect on party system convergence in each electoral district, however, when district-level effects are grouped by countries, the number of districts where the convergence decreases, and the rate at which it decreases, takes precedence (in other words this suggests that districts where convergence decreases, or increases, are not evenly distributed within countries, therefore affecting the overall direction of the sign).

In addition to age of democracy, I test the effects of endogenous and exogenous to the national electoral competition institutions on the level of party system convergence. The theory predicts that the number of signatures required for registering a political party, and the amount of monetary deposit a party has to pay in order to enter the electoral race, will foster higher convergence, while the availability of public funding will stimulate party multiplication, and thus adversely affect the level of system convergence. The empirical analysis provide strong support for the first two hypotheses, but find public funding to have an insignificant effect. The results show that increasing the required number of signatures by 1000, increases the level of party system convergence by 0.34 on average, and for every additional 1000 Euros deposit requirement, the party system convergence index increases by 0.14 units on average. This suggests that the number of parties can be manipulated via institutional engineering beyond the district magnitude alone.

The analysis in chapter 3 further shows that major EU-events have a significant effect on countries' domestic political competition. The most sound support is given to the hypothesis that elections for European Parliament have a negative short-term effect on party system convergence, as they provide an additional stimulus for the establishment of new political parties during a particular electoral period. This result is consistent across several model

specifications. EU entry and EU accession, also show to have a significant and negative effect on party system convergence, however, the result of the former is lost when they are studied together. Overall, the results for EU-related variables suggest that we need to include potential exogenous factors which can be expected to influence national political competitions in our future party systems' models.

Chapters 4 and 5 test the theory of political learning with case studies. Granted that party system convergence is significantly lower in new democracies, and that the statistical analysis proved that the convergence index changes at a higher rate in young democracies, I chose to further study party system dynamics with four cases from Southeast Europe - a region, which has not received enough academic attention thus far. The case of Bulgaria provides an in-depth analysis of the development of the party system in the country's 31 electoral districts in chapter 4. Six elections are analyzed, and I show that all theoretical conjectures discussed in chapters 2 and 3, are present. The analysis reveals that Bulgaria's political elite is learning to compete more effectively, with actors consistently responding to a changing environment as a rational framework model would expect. The data show a steadily increasing party system convergence index, which is a result of the decrease in the number of political parties observed over time. Some could argue that due to existent electoral anomalies, such as the 'electoral tourism' and the immunity (even of criminally charged persons) granted to legislative candidates, Bulgaria cannot be used as an example of political learning. While both phenomena are unarguably grim, and have had negative consequences for the quality of Bulgaria's democracy, the behavior of political actors in response to existing electoral constraints, which is the question of interest in the dissertation, proves to be rational and exhibits the theoretically predicted, and empirically tested, relationships between time and institutions (domestic and external) and party system convergence. More specifically, we see the strong effect of the introduction of election participation deposit, and the increase in the amount of required signatures on increasing party system convergence, as additional factors which help to channel political competition. The case study also suggests, that the exact translation of votes into seats, may have an effect on the number of political parties as well. In Bulgaria, for example, votes are cast, and seats are distributed, at the district level, however the allocation of the seats takes place based on the national count of the votes (a

complex and not very popular elsewhere system).

Short case studies of Slovenia, Croatia, and Romania follow in chapter 5. Slovenia and Croatia portray an increasing level of party system convergence, and for the most part perform as expected. The two questions of interest that these cases put forth are what accounts for the sharp downturn in party system convergence in Slovenia in 2004, and what explains the (unexpected) positive growth of party system convergence in Croatia? The explanation based on the theory of political learning has to do with the effect of the European Union in both cases. The case studies reveal however, that in addition to EU-factors, a domestic institutional explanation can account for these occurrences as well. I find that a proposal for a major electoral system change, stimulates additional party system competition often in the face of new political parties, as is the case in Slovenia in 2004, and in Croatia 2000. My research also indicates that the early consensus about the foreign-policy direction of the countries has played a converging role in the development of their party systems as well. Both countries, being former republics of Yugoslavia, experienced strong unity between their Communist party leaders and the leaders of the opposition, in that both sides had one primary goal - independence. Thus, while in Bulgaria a major question of political contention was whether to go with the East or the West and in Romania the very existence of political alternative took quite a while to surface, for Slovenia and Croatia a debate between communists and opposition never existed.

The case studies show that Romania has the lowest level of party system convergence. As chapter 5 attests, Romania started its democracy rather late, and although it has had several rounds of free elections, and has been accepted to the international community, and most importantly to the EU, its party system continues to exhibit fragmentation and a low degree of convergence. The analysis of the developments of the Romanian party system reveals several reasons that can explain this, two of them having to do with minimal institutional requirements - the low number of supporters' signatures, and the low electoral threshold, for example. I argue that a more conspicuous factor however, is the positioning of similar in origin parties across the political space. The case study reveals that both the *right*, and the *left* sides of the political space in Romania, are occupied by split-off parties of the main Communist successor party which emerged in the early 1990s. This suggests that despite

democratic elections, the origins of all main political parties remain the same, and regardless of the fact that parties offer divergent policies they are still seen as linked to the previous regime (for more details see Pop-Eleches 2008), which in my view explains the fact that new parties continue to emerge.

The final empirical chapter studies the long-term effect of the EU on the national political competition in Bulgaria, Romania, and Slovenia.¹ The theory of political learning suggests that participation in European Parliament elections, as well as the formal year of entry in the European Union have an short-term negative effect on the level of party system convergence due to incentives for new party formation around such events. These propositions, are linked to theories of Europeanization, which claim that Europeanization is likely to inspire the establishment of new political parties. The argument is that smaller, as well as new parties are more likely to be seen during EP elections, since they are considered ‘second-tier’ electoral races, and often serve as testing grounds or as signalling opportunities.

In chapter 6, I ask whether in addition to the short-term effects which factors of the theory of political learning are shown to provide, the level of party system convergence is affected by the influence of any long-term factors. I propose that the European Union and the new member-states path to it has had a lasting effect on stabilizing and structuring their political systems, and therefore its long-term effect is worth exploring. I argue that while the immediate effect of participation in EU-related institutions leads to an increase in the number of political contestants, we can expect a long-term reductionist effect which EU-level politics can transpose to the national levels in consolidating democracies. I show that there are many political parties which contest national elections as separate entities in each of the three countries, yet they join the same European Party group. The reductive hypothesis which I propose is that EU-induced cooperation can translate into cooperation at home, and thus aid the overall convergent effect which the short-term electoral competition produces. While the proposed effect remains largely theoretical at the moment, political developments in EE already provide examples which hint that the thinking is in the right direction. One such recent example is the so-called Blue Coalition formation which participated in the 2009 election in Bulgaria. The Blue Coalition is a merger for electoral purposes between two

¹Croatia is not included in this chapter as it has not become a member of the EU yet.

right-wing parties, which were members of the same political party in 2001 (UDF), that subsequently split into three. Another example, drawing further from the Bulgarian case, is the Blue Coalition's backing of the electoral winner party GERB, when the latter proposed a single-party minority cabinet. Not surprisingly, all three formations (the Blue Coalition partners and GERB) are members of the European People's Party at the European level as the reductive hypothesis proposes.

Summing up, the work presented here provides a new concept for the study of the number of political parties - the concept of political learning. Using extant theories on party and electoral systems, I develop an index of party system convergence, through which we can compare the developments of different political units across time and space. The party system convergence index compares the theoretically expected number of parties (TENP), which refines Cox's $M+1$ rule, to the actual competing number of parties. The theory of political learning, which I develop here, emphasizes the importance of age of democracy, or time during which politicians, especially those in young democracies, learn how to compete effectively in the electoral race. Additional factors, which I argue influence the level of party system convergence (which depends on the number of political parties), are domestic institutions, such as pre-electoral requirements that parties wishing to contest need to meet, and the effect of external to the national electoral competition factors, such as the EU-related events. My propositions are tested on a uniquely gathered district-level dataset comprised of 20 European countries for the period from 1980 to present, utilizing a multilevel hierarchical growth model, which is able to capture the heterogeneity of the data and the trends of change within it. My analysis thus pushes our current level of understanding the development of party systems forward, providing a new conceptual measure, and a new theory tested on a district-level dataset, all of which can be used in subsequent work.

A natural question that follows, is 'where to from here?' Empirically, a logical next step would be to extent the analysis beyond Europe, and put the propositions of the theory of political learning to test in other regions of the world, most notably in Latin America, since it provides a good variation of new, and not so new, democracies. Such a study could certainly enrich the findings of the current project, and can help to further confirm or disconfirm the propositions put forth here. A more intriguing research path would involve

the further investigation of two interlinked phenomena which came out of this work - ‘rules of the game’ and their effect on the number of parties, and ‘party splits’. I want to extend the finding that specific rules in party-related legislature influence the number of parties that we see, by collecting a comprehensive database of European democracies on ‘how the political party appears in the law’, i.e. I want to document the requirements that the law sets out for political parties which want to contest national elections, as well as the ‘perks’ which contestants get both during the race and after (if they get elected). I also want to document changes that occurred in the law. From the data-gathering for the current analysis, I found that such information is not readily available, and while I have collected the main components, I am interested in actually reading through, and coding the electoral laws and their changes after the regime change in Eastern Europe took place. The data collected will then serve for a more in-depth statistical analysis of legal constraints’ effect on the number of parties. Parallel to this, I am interested in studying the determinants of party-splits. I would like to know what types of parties tend to split more often, and for example, is it ideology, historical and institutional origin, female to male ratio, whether in opposition, or other similar factors that affect the likelihood of a party split. As the number of political parties in the new democracies (not just in Eastern Europe) is still significantly high, I believe that both of these projects will be well accepted in the discipline.

APPENDIX

As mentioned in chapter 3 the only ethnic fractionalization data that we have had available so far is collected at the national level, while the test of theory of political learning developed here is executed at the electoral district level. In addition, the few existing datasets which are available report different levels of fractionalization for the same country (compare Roeder (2000) ELF dataset available at <http://weber.ucsd.edu/proeder/data.htm>, and the Wacziarg (2002) dataset available at <http://www.anderson.ucla.edu>) and the data is collected from various sources, which compromises the comparability of the data. Given the need for district-level data, I embarked on collecting ethnic fractionalization data for my sample of 20 countries myself. This type of data is not readily available for districts and its collection involved a fair amount of digging. To be systemic I decided to use data from the most recent census in each of my countries. Since I started the preliminary data collection in 2005 this meant I used censuses in the early 2000s.

Most of the data for East European countries was collected from their statistical institutes where I was able to download raw data on number of people that associate with a specific ethnic group living in each electoral unit. For many of the countries in Western Europe I had to resort to data on raw declared nationality which was available to download at the electoral district level. Once I collected all the raw data for my 20 countries, I used Rae's fractionalization formula $1 - (\sum_{i=1}^n x_i^2)$ (Rae 1967, 56), where x_i was the proportion of group i in the given district, to calculate the heterogeneity index. After the indexes were calculated I had to make sure that first, the names of the districts by which the heterogeneity data was given were the same districts as the electoral ones; second, I had to make sure that

the districts in which the heterogeneity was reported matched the order of the electoral districts, which was not always the case. In few cases they weren't, as heterogeneity data can sometimes be provided in districts which include 2 electoral districts, or two heterogeneity districts will consist of a few electoral districts altogether - in cases like these I had to study the district maps carefully, make sure which districts lied where, and use the same heterogeneity if two electoral districts comprised one district in which heterogeneity was reported, or the average if the other case occurred.

Below I am including a snapshot of the district-level heterogeneity data for Bulgaria and Ireland, and the national ethnic heterogeneity statistics that different extant datasets provide for comparison.

Table 29: District-level Ethnic Heterogeneity Data Snapshot

<i>District Name</i>	<i>My ‘h’</i>	<i>Roeder’s ELF</i>	<i>Wazciarg</i>	<i>Muller</i>
Bulgaria				
Blagoevgrad	0.35			
Gabrovo	0.17			
Kurdjali	0.51			
Lovech	0.20			
Pleven	0.19			
Plovdiv okrug	0.23			
Ruse	0.34			
Shumen	0.56			
Sofia 2	0.08			
Turgovishte	0.56			
Varna	0.25			
National Average	0.27	0.22	0.43	0.23
Ireland				
Carlow-Kilkenny	0.13			
Cavan-Monaghan	0.11			
Dublin Central	0.17			
Galway East	0.14			
Kerry North	0.15			
Limerick East	0.09			
Sligo-Leitrim	0.14			
Waterford	0.12			
Westmeath	0.13			
Wexford	0.11			
National Average	0.14	0.05	0.10	0.44

Note: Ethnic heterogeneity is measured on a scale of 0 to 1, with 0 meaning perfectly homogeneous and 1 meaning perfectly heterogeneous.

Source: Administrative Atlas of the Republic of Bulgaria (2005), ISBN 954-705-013-0; Irish Census 2002 (people classified by nationality);
Author’s calculations.

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